

These materials are important and require your immediate attention. They require securityholders of Karora Resources Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisor. If you have any questions, you may contact the proxy solicitation agent, Morrow Sodali, by telephone at 1-888-999-2602 (toll-free in North America) or 1-289-695-3075 (collect call outside North America), or by email at assistance@morrowsodali.com.



NOTICE OF MEETING

and

MANAGEMENT INFORMATION CIRCULAR

for the

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on

JULY 19, 2024

DATED AS OF JUNE 17, 2024

The accompanying management information circular and proxy is first being mailed to shareholders of Karora Resources Inc. on or about June 27, 2024.

**The Board of Directors of Karora Resources Inc.
UNANIMOUSLY recommends that shareholders vote FOR the Arrangement Resolution.**

For personal use only

For personal use only

KARORA RESOURCES INC.

141 Adelaide Street West, Suite 1608
Toronto, Ontario
M5H 3L5

June 17, 2024

Dear Karora Shareholder:

You are invited to attend an annual general and special meeting (the "**Meeting**") of the holders ("**Karora Shareholders**") of common shares ("**Karora Shares**") in the capital of Karora Resources Inc. ("**Karora**" or the "**Corporation**"), to be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4 on July 19, 2024 at 10:00 a.m. (Toronto time).

At the Meeting, Karora Shareholders will be asked to consider and vote on a special resolution (the "**Arrangement Resolution**") approving a statutory plan of arrangement (the "**Plan of Arrangement**") pursuant to Section 192 of the *Canada Business Corporations Act* (the "**Arrangement**"), subject to the terms and conditions of an arrangement agreement dated April 8, 2024 entered into among Karora, Westgold Resources Limited ("**Westgold**"), 1474429 B.C. Ltd., a wholly owned subsidiary of Westgold ("**AcquireCo**"), and Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**SpinCo**"), a wholly owned subsidiary of Karora (the "**Arrangement Agreement**").

The board of directors of the Corporation (the "**Karora Board**") believes that the Arrangement will deliver a premium and other benefits to Karora Shareholders. The Karora Board and the special committee established by the Karora Board (the "**Special Committee**") have unanimously determined that the Arrangement is in the best interests of the Corporation and that the Arrangement is fair to the Karora Shareholders.

However, the Arrangement can only proceed if, among other conditions, it receives the approval of not less than two-thirds (66⅔%) of the votes cast on the Arrangement Resolution by Karora Shareholders in person or by proxy at the Meeting. **The Karora Board and the Special Committee unanimously recommend that Karora Shareholders vote FOR the Arrangement Resolution to approve the Arrangement.**

Under the Arrangement Agreement, the parties have agreed to effect the Arrangement, pursuant to which:

- Karora will assign, or cause its applicable direct or indirect subsidiaries to assign, all of their respective ownership interest in the Transferred Assets (as defined in the Circular), or the economically equivalent value of such Transferred Assets, to SpinCo;
- Karora will spin out to the holders of Karora Shares at the Effective Time (as defined in the Circular) 0.3 of a SpinCo common share (each whole SpinCo common share, a "**SpinCo Share**") for each Karora Share held as at the Effective Time (the "**SpinCo Share Consideration**"); and
- Westgold will indirectly acquire all of the issued and outstanding Karora Shares, and Karora Shareholders will be entitled to receive, for each Karora Share held immediately prior to the Effective Time (the "**Westgold Consideration**"), (i) \$0.608 in cash and (ii) 2.524 fully paid ordinary shares in the capital of Westgold (each one whole share, a "**Westgold Share**").

As a result of, and immediately following the completion of, the Arrangement, Karora will be an indirect wholly owned subsidiary of Westgold, the former Karora Shareholders will own all of the issued and outstanding SpinCo Shares and the former Karora Shareholders will be entitled to receive the Westgold Consideration, for each Karora Share previously held by them immediately prior to the Effective Time (subject to rounding, as provided for in the Plan of Arrangement).

Immediately prior to the Effective Time, each restricted share unit (a "**Karora RSU**"), performance share unit (a "**Karora PSU**"), and deferred share unit (a "**Karora DSU**") issued under the amended and restated share incentive

For personal use only

plan of Karora dated June 16, 2022 (the "**Karora Plan**") which is outstanding immediately prior to the Effective Time will be exchanged for one Karora Share, thereby entitling holders of Karora RSUs, Karora PSUs and Karora DSUs to receive the Westgold Consideration and SpinCo Share Consideration in exchange for their Karora Shares on the same basis as described above. In addition, prior to the Effective Time, each option to purchase Karora Shares granted under the Karora Plan (a "**Karora Option**") will be accelerated and will vest in accordance with the terms of the Karora Plan, such that all outstanding Karora Options may be exercised prior to the Effective Time. For each Karora Option that is exercised prior to the Effective Time, the holder shall be entitled to receive the Westgold Consideration and SpinCo Share Consideration in exchange for their Karora Shares on the same basis as described above. All unexercised Karora Options at the Effective Time will be terminated and cancelled for no consideration pursuant to conditional exercise and termination agreements entered into between the Corporation and each holder of Karora Options.

The Karora Board and the Special Committee unanimously recommend that Karora Shareholders vote FOR the Arrangement Resolution to approve the Arrangement. All of the directors and senior officers of the Corporation have entered into agreements with Westgold to support the Arrangement. In addition, certain shareholders of Karora, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold agreeing to vote, or causing to be voted, all of their Karora Shares in favour of the Arrangement Resolution. In reaching its conclusion that the Arrangement is fair to Karora Shareholders and that the Arrangement is in the best interests of the Corporation, the Karora Board and the Special Committee considered and relied upon a number of factors and reasons, including those described under the headings "*Part 7 – The Arrangement – Background to the Arrangement*", "*Part 7 – The Arrangement – Reasons for the Arrangement*", "*Part 7 – The Arrangement – Fairness Opinions*", "*Part 9 – Desjardins Fairness Opinion*", "*Part 10 – Haywood Fairness Opinion*" and "*Part 11 – Cormark Fairness Opinion*" of the accompanying management information circular for the Meeting (the "**Circular**").

For the Arrangement to become effective, the Arrangement Resolution must first be approved at the Meeting by the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast on the Arrangement Resolution by Karora Shareholders, and (ii) a majority (50% + 1) of the votes cast on the Arrangement Resolution by Karora Shareholders, excluding the votes cast in respect of Karora Shares held by certain interested or related parties or joint actors of Karora in accordance with the minority approval requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (collectively, the "**Karora Shareholder Approval**").

The Arrangement is also subject to certain other conditions, including the approval of the Ontario Superior Court of Justice.

At the Meeting, Karora Shareholders will also be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**SpinCo Omnibus Share Incentive Plan Resolution**") to approve the omnibus share incentive plan of SpinCo, as more particularly described in the accompanying Circular, provided that such resolution shall not become effective unless the Arrangement becomes effective. In addition, at the Meeting, Karora Shareholders will (a) receive Karora's audited consolidated financial statements for the year ended December 31, 2023 and the independent auditor's report thereon, (b) vote to elect the directors of Karora for the ensuing year, and (c) vote to appoint PricewaterhouseCoopers LLP as Karora's independent auditors until the close of the next annual meeting of Karora Shareholders and to authorize the directors to fix their remuneration (collectively, the "**Annual Resolutions**").

The Karora Board and the Special Committee, after consultation with their legal counsel, have unanimously determined to recommend to Karora Shareholders that they vote FOR the SpinCo Omnibus Share Incentive Plan Resolution and the Annual Resolutions.

The accompanying notice of an annual general and special meeting and the Circular describe the Arrangement, and also include certain additional information to assist you in considering how to vote on the Arrangement Resolution. You are urged to read this information carefully and, if you require assistance, to consult your financial, legal, tax or other professional advisors.

Your vote is important regardless of the number of Karora Shares that you own. Even if you are a registered holder of Karora Shares and plan to attend the Meeting, the Karora Board encourages you to take the time to consider and follow the instructions on the enclosed forms of proxy so that your Karora Shares can be voted at the Meeting in accordance

For personal use only

with your instructions. We encourage you to use the internet or telephone voting options to ensure your vote is received prior to the voting deadline. Alternatively, you can complete, sign, date and return the enclosed form of proxy by mail.

If you hold your Karora Shares through a broker, trustee, financial institution or other intermediary, you will receive instructions from such intermediary, or Computershare Investor Services Inc. on the intermediary's behalf, on how to vote your Karora Shares. We encourage Non-Registered Karora Shareholders to carefully follow such instructions so that your Karora Shares can be voted at the Meeting.

If you are a registered holder of Karora Shares, we encourage you to complete, sign, date and return the enclosed Letter of Transmittal, along with the share certificate(s) representing your Karora Shares, to the Corporation's depository, Computershare Investor Services Inc., at the address specified in the Letter of Transmittal. The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. It is recommended that you complete, sign and return the Letter of Transmittal (with accompanying Karora Share certificate(s) if you are a registered holder of Karora Shares) to Computershare Investor Services Inc., the Corporation's depository, as soon as possible.

Subject to obtaining court approval and satisfying certain other conditions, including the Karora Shareholder Approval, it is anticipated that the Arrangement will be completed in July of 2024, but no later than September 30, 2024, subject to an extension in accordance with the terms of the Arrangement Agreement, unless otherwise agreed to between Karora and Westgold.

If you have any questions or need assistance in your consideration of the Arrangement or with the completion and delivery of your proxy, please contact the Corporation's proxy solicitation agent, Morrow Sodali, by telephone at 1-888-999-2602 (toll-free in North America) or 1-289-695-3075 (collect call outside North America), or by email at assistance@morrowsodali.com.

Sincerely,

On behalf of the Karora Board,

(Signed) "Paul Huet"

Paul Huet
Chairman and Chief Executive Officer
Karora Resources Inc.

For personal use only

For personal use only

KARORA RESOURCES INC.

141 Adelaide Street West, Suite 1608
Toronto, Ontario
M5H 3L5

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that an annual general and special meeting (the "**Meeting**") of the holders ("**Karora Shareholders**") of common shares ("**Karora Shares**") of Karora Resources Inc. (the "**Corporation**" or "**Karora**") to be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4 on July 19, 2024 at 10:00 a.m. (Toronto time), for the following purposes:

1. To consider, pursuant to an interim order of the Ontario Superior Court of Justice dated June 14, 2024 (the "**Interim Order**"), and, if thought advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**") of Karora Shareholders, the full text of which is set forth in Appendix B to the accompanying management information circular (the "**Circular**"), to approve a statutory plan of arrangement (the "**Plan of Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") (the "**Arrangement**"), subject to the terms and conditions of an arrangement agreement dated April 8, 2024 entered into among Karora, Westgold Resources Limited ("**Westgold**"), 1474429 B.C. Ltd. ("**AcquireCo**") and Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**SpinCo**").
2. Subject to approval of the Arrangement Resolution, to consider and, if thought advisable, to pass, with or without amendment, an ordinary resolution (the "**SpinCo Omnibus Plan Resolution**") of Karora Shareholders, the full text of which is set forth in Appendix C to the Circular, approving an omnibus share incentive plan for SpinCo, all as more particularly set forth in the Circular, provided that such resolution shall not become effective unless the Arrangement becomes effective.
3. To receive (i) the audited consolidated financial statements of the Corporation for the year ended December 31, 2023 and the report of the auditors thereon, and (ii) the unaudited interim financial statements of the Corporation for the quarter ended March 31, 2024.
4. To appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration.
5. To elect directors of the Corporation for the ensuing year.
6. To transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The directors of the Corporation have fixed the close of business on June 13, 2024 as the record date (the "**Record Date**") for the determination of the Karora Shareholders entitled to receive this notice of the Meeting (this "**Notice of Meeting**"). A Karora Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation's transfer agent, Computershare Investor Services Inc., by mail at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, so as to arrive not later than 10:00 a.m. (Toronto time) on the second business day preceding the date of the Meeting or any postponement or adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion, without notice. A registered Karora Shareholder may also vote by telephone or via the internet by following the instructions on the applicable form of proxy. If a Karora Shareholder votes by telephone or via the internet, completion or return of the form of proxies is not needed.

If you are a non-registered Karora Shareholder, please refer to "*Part 5 – General Proxy Information – Non-Registered Karora Shareholders*" of the Circular for information on how to vote your Karora Shares.

Take notice that, pursuant to the Interim Order, each registered Karora Shareholder as of the close of business on the Record Date has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of the Karora Shares in respect of which such registered Karora Shareholder validly dissents, in accordance with the dissent procedures contained in Section 190 of the CBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and the Final Order (as defined in the Circular). To exercise such right: (a) a written objection with respect to the Arrangement Resolution from the registered Karora Shareholder must be received by Karora at its address for such purpose, c/o Bennett Jones LLP at 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Attention: Abbas Ali Khan, by no later than 5:00 p.m. (Toronto time) on July 17, 2024, being two business days prior to the date of the Meeting; (b) the registered Karora Shareholder must not have voted in favour of the Arrangement Resolution; and (c) the registered Karora Shareholder must have otherwise complied with the dissent procedures in Section 190 of the CBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and the Final Order. The right to dissent is described in the Circular, and the text of each of the Plan of Arrangement, the Interim Order and Section 190 of the CBCA is set forth in Appendix D, Appendix E and Appendix J, respectively, to the Circular.

Failure to strictly comply with the provisions of the CBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and the Final Order, may result in the loss of any right of dissent.

The Circular accompanying this Notice of Meeting is incorporated into, and shall be deemed to form part of, this Notice of Meeting.

If you have any questions or need assistance in your consideration of the Arrangement or with the completion and delivery of your proxy, please contact the Corporation's proxy solicitation agent, Morrow Sodali, by telephone at 1-888-999-2602 (toll-free in North America) or 1-289-695-3075 (collect call outside North America), or by email at assistance@morrrowsodali.com

DATED as of the 17th day of June, 2024.

By Order of the Karora Board

(signed) "Paul Huet"

Paul Huet
Chairman and Chief Executive Officer
Karora Resources Inc.

For personal use only

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERSv

FREQUENTLY ASKED QUESTIONS ABOUT THE ARRANGEMENT AND THE MEETING1

PART 1. GENERAL MATTERS10

 Defined Terms10

 Information Contained in this Circular10

 Information Contained in this Circular Regarding Westgold and AcquireCo10

 Financial Information10

 Currency11

PART 2. NOTICE TO KARORA SECURITYHOLDERS IN THE UNITED STATES11

PART 3. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION12

PART 4. SUMMARY14

 The Meeting and Record Date14

 Purpose of the Meeting14

 Background to the Arrangement15

 Fairness Opinions15

 Recommendation of the Karora Board with Respect to the Arrangement16

 Recommendation of the Karora Board with Respect to the SpinCo Omnibus Share Incentive Plan Resolution16

 Reasons for the Arrangement16

 Spin-off Transaction19

 Voting Agreements20

 Information Concerning the Corporation20

 Information Concerning SpinCo20

 Information Concerning Westgold and AcquireCo21

 Information Concerning the Combined Company21

 Court Approval of the Arrangement21

 The Arrangement Agreement22

 Conditions to the Arrangement Becoming Effective22

 Non-Solicitation Covenants25

 Termination of Arrangement Agreement and Termination Fee25

 Regulatory Matters25

 Securities Law Matters25

 Dissent Rights26

 Risk Factors Relating to the Arrangement26

 Procedure for Receipt of Consideration26

 Fractional Shares and Rounding of Cash Consideration27

 Withholding Rights27

 Effects of the Arrangement on Karora Shareholders' Rights27

 Certain Canadian Federal Income Tax Considerations28

 Certain United States Federal Income Tax Considerations28

PART 5. GENERAL PROXY INFORMATION29

 Solicitation of Proxies29

 Appointment and Revocation of Proxies29

 Exercise of Discretion30

 Advice to Non-Registered Karora Shareholders30

 Voting Matters31

PART 6. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF31

 Record Date and Voting Securities31

 Principal Holders of Karora Shares32

For personal use only

PART 7. THE ARRANGEMENT	32
Background to the Arrangement	32
Fairness Opinions.....	36
Recommendation of the Karora Board	37
Reasons for the Arrangement.....	37
Arrangement Mechanics	41
Fractional Shares and Rounding of Cash Consideration	43
Withholding Rights	44
Spin-off Transaction	44
Approval of Arrangement Resolution.....	44
Voting Agreements	45
Interests of Certain Persons in the Arrangement	45
MI 61-101 Protection of Minority Security Holders in Special Transactions	47
Court Approval of the Arrangement	49
Completion of the Arrangement	50
Effects of the Arrangement on Karora Shareholders' Rights.....	50
PART 8. THE ARRANGEMENT AGREEMENT	50
Effective Date and Conditions of Arrangement.....	51
Representations and Warranties.....	51
Conditions to the Arrangement Becoming Effective.....	52
Covenants of Karora	54
Covenants of Westgold.....	60
Mutual Covenants	65
Non-Solicitation Covenant.....	66
Other Covenants.....	70
Termination.....	73
Amendment.....	77
Waiver.....	78
PART 9. DESJARDINS FAIRNESS OPINION	78
PART 10. HAYWOOD FAIRNESS OPINION	79
PART 11. CORMARK FAIRNESS OPINION.....	80
PART 12. SECURITIES LAW MATTERS	80
Canadian Securities Law Matters	81
Status under Canadian Securities Laws	81
United States Securities Laws Matters	82
Australian Securities Law Matters.....	84
PART 13. REGULATORY MATTERS	84
Listing of the Westgold Shares	84
Other Regulatory Approvals.....	85
PART 14. STOCK EXCHANGE DE-LISTING AND REPORTING ISSUER STATUS	85
PART 15. DISSENT RIGHTS.....	85
PART 16. RISK FACTORS RELATING TO THE ARRANGEMENT	88
PART 17. PROCEDURE FOR RECEIPT OF CONSIDERATION	91
Participating Former Karora Shareholders	92
Holders of Karora RSUs, Karora PSUs, Karora DSUs and Karora Options.....	93
PART 18. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	93
Currency Conversion	95

Holders Resident in Canada.....	95
Holders Not Resident in Canada.....	99
PART 19. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS	102
U.S. Federal Income Tax Consequences for Dissenting U.S. Holders.....	103
U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout.....	103
U.S. Federal Income Tax Consequences of the Arrangement – Exchange of Karora Class A Shares for Westgold Shares and Cash Consideration.....	108
U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of SpinCo Shares and Westgold Shares.....	108
Passive Foreign Investment Company Rules.....	109
Additional Considerations	112
PART 20. MANAGEMENT CONTRACTS	114
PART 21. INFORMATION CONCERNING THE CORPORATION	114
PART 22. INFORMATION CONCERNING SPINCO.....	114
Additional Information on SpinCo	114
PART 23. INFORMATION CONCERNING WESTGOLD AND ACQUIRECO	114
Additional Information about Westgold	115
PART 24. INFORMATION CONCERNING THE COMBINED COMPANY	115
PART 25. SPINCO OMNIBUS SHARE INCENTIVE PLAN RESOLUTION	115
PART 26. LEGAL MATTERS.....	116
PART 27. INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON	116
PART 28. KARORA SHAREHOLDER COMMUNICATION WITH THE KARORA BOARD.....	116
PART 29. ADDITIONAL INFORMATION.....	116
PART 30. OTHER MATTERS	116
PART 31. APPROVAL	117
PART 32. CONSENT OF DESJARDINS SECURITIES INC.....	118
PART 33. CONSENT OF HAYWOOD SECURITIES INC.....	119
PART 34. CONSENT OF CORMARK SECURITIES INC.....	120
Appendix A Glossary of Terms.....	A-1
Appendix B Arrangement Resolution.....	B-1
Appendix C SpinCo Omnibus Share Incentive Plan Resolution.....	C-1
Appendix D Plan of Arrangement	D-1
Appendix E Interim Order	E-1
Appendix F Notice of Application for Final Order.....	F-1
Appendix G Desjardins Fairness Opinion	G-1
Appendix H Haywood Fairness Opinion.....	H-1
Appendix I Cormark Fairness Opinion	I-1
Appendix J Dissent Provisions of the CBCA	J-1
Appendix K Comparison of Relevant Laws	K-1
Appendix L Information Concerning Westgold	L-1
Appendix M Information Concerning the Combined Company Following the Arrangement.....	M-1
Appendix N Information Concerning SpinCo.....	N-1
Appendix O SpinCo Omnibus Share Incentive Plan.....	O-1
Appendix P SpinCo Audit Committee Charter	P-1

Appendix Q SpinCo Financial Statements and Related MD&A.....Q-1
Appendix R Annual MattersR-1

For personal use only

FREQUENTLY ASKED QUESTIONS ABOUT THE ARRANGEMENT AND THE MEETING

The following are some questions that you, as a Karora Shareholder, may have relating to the Meeting and answers to those questions. These questions and answers do not provide all of the information relating to the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in, or incorporated by reference into, this Circular. You are urged to read this Circular in its entirety including the appendices to this Circular, any documents incorporated by reference herein and the forms of proxy before making a decision related to your Karora Shares. All capitalized terms used but not defined herein have the meanings ascribed to them in the "Glossary of Terms" at Appendix A of this Circular.

Q: What am I voting on?

A: In connection with the Meeting, Karora Shareholders are being asked to consider and vote on the Arrangement Resolution which, if approved and if the Arrangement is completed, will result in: (i) Karora transferring certain assets held directly or indirectly by Karora to SpinCo, (ii) Karora Shareholders (other than Dissenting Shareholders) exchanging each of their Karora Shares held immediately prior to the Effective Time for the Consideration, consisting of \$0.608 in cash, 2,524 Westgold Shares and 0.3 of a SpinCo Share, (iii) Karora becoming a wholly-owned subsidiary of AcquireCo and an indirect wholly owned subsidiary of Westgold, and (iv) SpinCo becoming a "stand-alone" entity owned by the Former Karora Shareholders and holding the Transferred Assets (or the economically equivalent value of such Transferred Assets).

In addition, Karora Shareholders will be asked to vote on the SpinCo Omnibus Share Incentive Plan Resolution, which, if approved, will become effective when the Arrangement becomes effective, as well as certain other matters including the election of the directors of the Corporation, the appointment of auditors of the Corporation and such other business that may properly come before the Meeting.

Q: When and where is the Meeting?

A: The Meeting will be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4 on July 19, 2024 at 10:00 a.m. (Toronto time).

Q: What is the recommendation of the Karora Board and the Special Committee with respect to the Arrangement Resolution?

A: After taking into consideration, among other things, the merits of the Arrangement and the Fairness Opinions, the Karora Board and the Special Committee have concluded that the Arrangement is in the best interests of Karora and fair to the Karora Shareholders, and unanimously recommend that Karora Shareholders vote **FOR** the Arrangement Resolution to approve the Arrangement.

Q: Why is the Karora Board making this recommendation?

A: In reaching its conclusion that the Arrangement is fair to Karora Shareholders and that the Arrangement is in the best interests of Karora, the Karora Board considered and relied upon a number of factors and reasons, including:

- 1) the unanimous recommendation of the Special Committee that: (a) the Arrangement is in the best interests of Karora and is fair to the Karora Shareholders and accordingly, (b) the Karora Board vote in favour of approving the Arrangement and recommend to Karora Shareholders that they vote FOR the Arrangement Resolution;
- 2) the total value of the Consideration to be received by Karora Shareholders represents a premium to the trading value of the Karora Shares prior to the announcement of the Arrangement;
- 3) the Combined Company is expected to be positioned as one of the largest unhedged Australian gold producers providing investors with full exposure to gold prices following the completion of the Arrangement;

- 4) Karora Shareholders, through their ownership of Westgold Shares, will retain exposure to Karora's core assets, including the Beta Hunt Mine and the Higginsville Gold Operations, and to other certain Karora assets through their ownership of SpinCo Shares; and
- 5) the completion of the Arrangement has the potential to deliver key strategic synergies including: additional mining and processing facilities that offer operating flexibility and optionality; the ability to leverage and complement Westgold's sizable mining and drilling fleet with Karora's newly purchased equipment; the combined in-house expertise enables rapid development of new projects, such as Karora's Spargos Reward Gold Mine; and an increased ability to attract and retain talent as a larger and more significant Western Australian employer.

For a more detailed description of the various factors and reasons that the Karora Board considered and relied upon its recommendation, see "*Part 7 – The Arrangement – Background to the Arrangement*", "*Part 7 – The Arrangement – Reasons for the Arrangement*", "*Part 7 – The Arrangement – Fairness Opinions*", "*Part 9 – Desjardins Fairness Opinion*", "*Part 10 – Haywood Fairness Opinion*" and "*Part 11 – Cormark Fairness Opinion*" of this Circular.

Q: What is the recommendation of the Karora Board with respect to the SpinCo Omnibus Share Incentive Plan Resolution?

A: At the request of the proposed directors of SpinCo, and after taking into consideration, among other things, the role a share incentive plan plays in the motivation, attraction and retention of key employees, directors and consultants of SpinCo due to the opportunity offered to them to acquire a proprietary interest in SpinCo, and after consultation with its legal counsel, the Karora Board has unanimously determined to recommend to Karora Shareholders that they vote **FOR** the SpinCo Omnibus Share Incentive Plan Resolution.

Q: Have the directors and officers of Karora entered into Karora Voting and Lock-up Agreements?

A. Yes. Westgold has entered into a Karora Voting and Lock-up Agreement with each of the directors and officers of Karora. Westgold has entered into Karora Voting and Lock-up Agreements with each of Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams pursuant to which each of the aforementioned individuals has agreed to, among other things, support the Arrangement and to vote any Karora Shares they own in favour of the Arrangement Resolution.

Q: Have any shareholders entered into Karora Voting and Lock-up Agreements or have otherwise indicated that they would support the Arrangement?

A. Yes, certain shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into Karora Voting and Lock-up Agreements with Westgold.

As of the Record Date, the Karora Shares subject to the Karora Voting and Lock-up Agreements, including those with the directors and the officers of Karora as well as certain other shareholders of Karora, collectively represent approximately 7.6% of the votes which may be cast by Karora Shareholders at the Meeting.

Q: Who is soliciting my proxy?

A: Your proxy is being solicited by senior management of Karora. This Circular is furnished in connection with that solicitation. While it is anticipated that solicitation of proxies for the Meeting will be made primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of Karora. Such persons will not receive any extra compensation for such activities. In addition, Karora has engaged Morrow Sodali as Proxy Solicitation Agent in connection with the Meeting.

Karora may utilize the Broadridge QuickVote™ service to assist NOBOs with voting their Karora Shares. NOBOs may be contacted by Morrow Sodali, which is soliciting proxies on behalf of the Karora's management, to obtain

voting instructions over the telephone, and relaying them to Broadridge (on behalf of the Karora Shareholder's intermediary). While representatives of Morrow Sodali are soliciting proxies on behalf of Karora's management, Karora Shareholders are not required to vote in the manner recommended by the Karora Board. The QuickVote™ system is intended to assist Karora Shareholders in exercising their votes; however, Karora Shareholders are not obligated to vote using the QuickVote™ system, and a Karora Shareholder may vote (or change or revoke their votes) at any other time and in any other applicable manner described in this Circular. Any voting instructions provided by a Karora Shareholder will be recorded and such Karora Shareholder will receive a letter from Broadridge (on behalf of the Karora Shareholder's intermediary) as confirmation that their voting instructions have been accepted.

If you have questions or need assistance completing your form of proxy or voting instruction form, please contact the Corporation's Proxy Solicitation Agent, Morrow Sodali, by telephone at 1-888-999-2602 (toll-free in North America) or 1-289-695-3075 (collect call outside North America), or by email at assistance@morrowsodali.com.

Q: Who can participate in and vote at the Meeting?

A: Only Registered Karora Shareholders as at the close of business on June 13, 2024, being the Record Date for the Meeting, are entitled to receive notice of, and to participate in and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

Q: What constitutes a quorum for the Meeting?

A: A quorum for the transaction of business at the Meeting is the presence of two persons who hold, or who represent by proxy one or more Karora Shareholders who hold, in the aggregate, at least 10% of the issued and outstanding Karora Shares entitled to be voted at the Meeting.

Q: How many Karora Shares are entitled to be voted?

A: As of the Record Date, there were 178,766,589 Karora Shares entitled to be voted at the Meeting. Each Karora Shareholder is entitled to one vote for each Karora Share held by such holder in respect of all matters at the Meeting.

Q: If I am a Registered Karora Shareholder, how do I vote prior to the Meeting?

A: If you are a Registered Karora Shareholder, you can vote prior to the Meeting as follows:

- 1) by signing and returning the applicable enclosed proxy form by mail appointing the named persons (or some other person you choose, who need not be a Karora Shareholder) to represent you as proxyholder and vote your Karora Shares at the Meeting;
- 2) via telephone by dialing 1-866-732-VOTE (8683) toll free from a touch tone telephone; or
- 3) via the internet at www.investorvote.com.

Q: How do I vote if I am a duly appointed proxyholder?

A: Duly appointed proxyholders, including Non-Registered Karora Shareholders who have been duly appointed by a Registered Karora Shareholder as proxyholder, can attend and vote in person at the meeting.

Q: How do I vote if I am a Non-Registered Karora Shareholder?

A: Only Registered Karora Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. If you are a Non-Registered Karora Shareholder, you should receive a voting instruction form from your nominee. Non-Registered Karora Shareholders should follow the instructions on the forms they receive and contact their intermediaries promptly if they require assistance.

For personal use only

Q: How do I vote if I am both a Registered Karora Shareholder and a Non-Registered Karora Shareholder?

A: If you hold some Karora Shares as a Registered Karora Shareholder and others as a Non-Registered Karora Shareholder, you will have to use the separate voting methods described above, as applicable, for those of your Karora Shares for which you are a Registered Karora Shareholder and for those of your Karora Shares for which you are a Non-Registered Karora Shareholder.

Q: What will I receive under the Arrangement if I am a Karora Shareholder?

A: Upon the completion of the Arrangement, Karora Shareholders (other than Dissenting Shareholders) will be entitled to receive, for each Karora Share held by them immediately prior to the Effective Time, the Consideration consisting of: (i) \$0.608 in cash; (ii) 2.524 Westgold Shares; and (iii) 0.3 of a SpinCo Share.

To the extent the aggregate number of Westgold Shares or SpinCo Shares that a Karora Shareholder would otherwise be entitled to receive under the Arrangement includes a fractional share, the actual number of Westgold Shares or SpinCo Shares, as applicable, to be received by the Karora Shareholder will, without additional compensation, be rounded down to the nearest whole number of such shares. To the extent the aggregate Cash Consideration that a Karora Shareholder would otherwise be entitled to receive under the Arrangement includes a fraction of \$0.01, the aggregate cash amount will be rounded down to the nearest whole \$0.01.

See "*Part 7 – The Arrangement – Arrangement Mechanics*" of this Circular for a more detailed description of the Arrangement steps, and Appendix D of this Circular for a copy of the Plan of Arrangement.

Q: What will holders of Karora Options, Karora RSUs, Karora PSUs or Karora DSUs receive under the Arrangement?

A: Prior to the Effective Time (but not as part of the Arrangement):

- 1) Each Karora RSU, Karora PSU and Karora DSU held immediately prior to the Effective Time will be conditionally vested and their respective surrender and cancellation or redemption dates conditionally accelerated in accordance with the terms of the Karora Plan and will be redeemed by Karora and cancelled in consideration for the issue by Karora to the holder of such Karora RSU, Karora PSU or Karora DSU of one Karora Share for each such Karora RSU, Karora PSU or Karora DSU, as applicable. Each Karora Share issued to a holder of Karora RSUs, Karora PSUs and Karora DSUs in accordance with the foregoing will entitle the holder to receive the Consideration for each such Karora Share to the same extent as a Karora Shareholder.
- 2) Each Karora Option will be conditionally accelerated and will vest in accordance with the terms of the Karora Plan such that all outstanding Karora Options may be exercised prior to the Effective Time, thereby entitling holders of such exercised Karora Options to receive the Consideration in exchange for their Karora Shares to the same extent as a Karora Shareholder, and all unexercised Karora Options at the Effective Time will be terminated and cancelled for no consideration pursuant to conditional exercise and termination agreements entered into between the Corporation and each holder of Karora Options.

See "*Part 7 – The Arrangement – Arrangement Mechanics*" of this Circular for a more detailed description of the Arrangement steps, and Appendix D of this Circular for a copy of the Plan of Arrangement.

Q: Who is Westgold?

A: Westgold is a company registered in Western Australia. Westgold is a mid-tier gold producer with a large and strategic land package situated in the Murchison and Bryah regions of Western Australia. Westgold's purpose is to create intergenerational wealth for its shareholders, staff and stakeholders by leveraging its gold assets. With over 1,300 staff and contractors, Westgold is a dominant gold miner in the Australian Mid-West.

After listing on the ASX in December 2016, Westgold has consolidated over 1,300km² of mining titles across three key business units. These units encompass the Fortnum operations located in the Bryah region to the north, and the Meekatharra and Cue operations located in the Murchison region. Westgold's operations are supported by its wholly owned mining equipment, fleet and services units.

The head office and registered office of Westgold is located at Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000. Westgold Shares are listed and posted for trading on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXR".

Q: What vote is required at the Meeting to approve the Arrangement Resolution?

A: Pursuant to the Interim Order, the Arrangement Resolution, in order to become effective, must be approved by the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast on the Arrangement Resolution by Karora Shareholders, and (ii) a majority (50% + 1) of the votes cast on the Arrangement Resolution by Karora Shareholders, excluding the votes cast in respect of Karora Shares held by certain interested or related parties or joint actors of Karora in accordance with the minority approval requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Q: What vote is required at the Meeting to approve the proposals at the Meeting, other than the Arrangement Resolution?

A: To be effective, the SpinCo Omnibus Share Incentive Plan Resolution must be approved by at least a simple majority (50% + 1) of the votes cast by the Karora Shareholders at the Meeting or by proxy.

See "*Part 5 – General Proxy Information – Voting Standards*" of this Circular.

Q: Should I send in my proxy now?

A: Yes. Once you have carefully read and considered the information contained in this Circular, to ensure your vote is counted, you need to complete and submit the enclosed form of proxy or, if applicable, provide your intermediary with voting instructions. You are encouraged to vote well in advance of the proxy cut-off at 10:00 a.m. (Toronto time) on July 17, 2024 (or if the Meeting is postponed or adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the postponed or adjourned Meeting).

Q: What if I return my proxy but do not mark it to show how I wish to vote?

A: If your proxy relating to your Karora Shares is signed and dated and returned without specifying your voting choice (or specifying both voting choices), then your Karora Shares will be voted **FOR**: (a) the Arrangement Resolution in accordance with the recommendation of the Karora Board; (b) the SpinCo Omnibus Share Incentive Plan Resolution; (c) the election of the nominated directors as set out on the form of proxy; (d) the appointment of PricewaterhouseCoopers LLP as the auditors of the Corporation for the ensuing year and authorizing the directors of the Corporation to fix their remuneration; and (e) the transaction of such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof, all in accordance with the recommendation of the Karora Board.

Q: When is the cut-off time for delivery of proxies?

A: Proxies must be delivered to Karora's Transfer Agent, Computershare Investor Services Inc., by mail to 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof. In this case, assuming no adjournment or postponement, the proxy-cut off time is 10:00 a.m. (Toronto time) on July 17, 2024. The deadline for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

For personal use only

Q: What are broker non-votes?

A: A broker non-vote occurs when shares held by a broker for the account of a beneficial owner are not voted for or against a particular proposal because the broker has not received voting instructions from that beneficial owner and the broker does not have discretionary authority to vote those shares. Karora Shares constituting broker non-votes are not counted or deemed to be present in person or by proxy for the purpose of voting on a non-routine matter at the Meeting and, therefore, are not counted for the purpose of determining whether Karora Shareholders have approved any matter because all proposals at the Meeting are considered non-routine. If you do not provide voting instructions to your broker, your broker will not have discretion to vote your Karora Shares.

Q: Can I abstain from voting?

A: Depending on the matter being voted on at the Meeting, under the CBCA, Karora Shareholders have the option to either vote "for" or "against" the matter. A Registered Karora Shareholder present at the Meeting who has not provided a proxy may abstain from voting by not casting a vote. However, a proxyholder cannot abstain from voting, and must vote in accordance with the direction of the Karora Shareholder completing the proxy. If no choice is specified in the form of proxy, the Karora Shares will be voted **FOR** the relevant proposal(s).

Q: Can I revoke my proxy or change my vote after I submit a signed proxy?

A: Yes. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Karora Shareholder or by his or her attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, and upon such deposit, the proxy is revoked, or if you have followed the process for attending and voting at the Meeting, voting at the Meeting will revoke your previous proxy. If you revoke your proxy and do not replace it with another that is deposited with the Corporation before the deadline, then you can still vote your Karora Shares, but to do so, you must attend the Meeting.

Q. In addition to the approval of the Karora Shareholders, are there any other approvals required for the Arrangement?

A: Yes. The Arrangement requires the approval of the Court and also is subject to the receipt of certain regulatory approvals.

See "*Part 7 – The Arrangement – Court Approval of the Arrangement*" and "*Part 13 – Regulatory Matters*" of this Circular.

Q: Does Westgold need to obtain approval from its shareholders for the Arrangement?

A: No. Westgold has confirmed to the Corporation that Westgold Shareholder Approval is not required for the Arrangement. Westgold has obtained a waiver from ASX Listing Rule 7.1 to permit the issue of Westgold Shares to Karora Shareholders pursuant to the Arrangement without Westgold Shareholder Approval.

Q: Do any directors or executive officers of Karora have any interests in the Arrangement that are different from, or in addition to, those of the Karora Shareholders?

A: In considering the unanimous recommendation of the Karora Board to vote in favour of the matters discussed in this Circular, Karora Shareholders should be aware that certain of the directors and executive officers of Karora have interests in the Arrangement that are different from, or in addition to, the interests of Karora Shareholders generally.

See "*Part 7 – The Arrangement – Interests of Certain Persons in the Arrangement*", "*Part 7 – The Arrangement – MI 61-101 Protection of Minority Security Holders in Special Transactions*", "*Part 12 – Securities Law Matters*" and "*Part 13 – Regulatory Matters*" of this Circular.

Q: Will the Karora Shares continue to be listed on the TSX after the Arrangement?

A: No. The Karora Shares will be de-listed from the TSX after the Arrangement is completed. The de-listing is anticipated to occur approximately 2-3 trading days following the completion of the Arrangement.

Q: Will the Westgold Shares be listed on a stock exchange?

A: Yes. Westgold Shares are currently listed and posted for trading on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXRF". Westgold has applied for its Westgold Shares to be listed on the TSX. It is a condition of closing that Westgold shall have received conditional listing approval from the TSX to list the Westgold Shares issuable by Westgold under the Arrangement on the TSX. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX. Westgold Shares will be listed for trading on the ASX both before and after the Arrangement.

Q: When can I expect to receive the Consideration for my Karora Shares?

A: If you are a holder of Karora Shares, then, provided that a duly completed Letter of Transmittal, along with the applicable Karora Share certificate(s) or DRS Advice for such Karora Shares and all other required documents, have been received by the Depositary, you should receive the Consideration due to you under the Arrangement promptly after the Arrangement becomes effective.

See "*Part 17 – Procedure for Receipt of Consideration*" of this Circular.

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated and you will not be entitled to receive the Consideration under the Arrangement. In certain circumstances, including if Karora accepts a competing offer that the Karora Board concludes is superior to the Arrangement, Karora will be required to pay to Westgold the Termination Fee (being C\$40 million) in connection with such termination.

See "*Part 8 – The Arrangement Agreement – Termination – Termination Amounts and Expenses*" of this Circular.

Q: What assets will SpinCo hold?

A: Upon completion of the Arrangement and subject to receipt of all required regulatory and third party consents and approvals, SpinCo is expected to own (or receive the economically equivalent value for) the following assets:

- (i) shares of Kali representing approximately 22.1% of the outstanding shares of Kali;
- (ii) a 1.0% lithium royalty on minerals produced by Kali in exercise of the mineral rights under the Kali Mineral Rights Agreements;
- (iii) the right to receive, as a deferred consideration payment, a portion of future proceeds of any future Dumont project sale or other monetization event up to a maximum of US\$30 million; and
- (iv) C\$5 million in cash.

See "*Part 7 – The Arrangement – Spin-off Transaction*", "*Part 12 – Securities Law Matters – Australian Securities Law Matters – Transfer of Kali Shares*" and "*Part 16 – Risks Factors Relating to the Arrangement*" of this Circular and "*Appendix N – Information Concerning SpinCo*" to this Circular.

Q: Who will be on the management team and board of directors of SpinCo?

A: The following individuals are anticipated to be on the management team of SpinCo: Paul Huet, Chairman and Chief Executive Officer; Carl Gernandt, Chief Financial Officer; and Michael Doolin, Senior Vice President, Technical Services.

The following individuals are anticipated to be on the board of directors of SpinCo: Scott Hand (Lead Director); Peter Goudie; Paul Huet; and Meri Verli.

Q: Will the SpinCo Shares be publicly listed?

A: Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV. Listing will be subject to SpinCo receiving approval of the TSXV in accordance with its policies and fulfilling all of the initial listing requirements of the TSXV. As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares. The closing of the Arrangement is not conditional on the TSXV approving the listing of the SpinCo Shares.

Q: How will I know when the Arrangement will be implemented?

A: The Arrangement will only become effective on the Effective Date, following satisfaction or waiver of all of the conditions to the completion of the Arrangement and the filing of the required documents with the Director under the CBCA. If the Arrangement Resolution is approved at the Meeting and all other required approvals are obtained and conditions satisfied or waived, the Effective Date is expected to occur in July of 2024. In no event shall the Effective Date be later than September 30, 2024, unless otherwise agreed to between Karora and Westgold, provided that if the Effective Date has not occurred by September 30, 2024 as a result of the failure to obtain the FIRB Approval, then either Westgold or Karora may elect to extend such date by up to 60 days subject to the terms of the Arrangement Agreement. On the Effective Date, upon completion of the Arrangement, Karora and Westgold will publicly announce that the Arrangement has been implemented.

Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?

A: Yes. Karora Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to, the following: (a) Westgold and Karora may not integrate successfully; (b) uncertainty surrounding the Arrangement could adversely affect Karora's retention of customers and suppliers and could negatively impact Karora's future business and operations; (c) the unaudited pro forma financial information of the Combined Company are presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement; (d) directors and executive officers of Karora may have interests in the Arrangement that are different from those of Karora Shareholders generally; (e) the issuance of a significant number of Westgold Shares, or securities convertible into Westgold Shares, could adversely affect the market price of the Westgold Shares; (f) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Karora; (g) there can be no certainty that all conditions precedent to the Arrangement will be satisfied, which may also result in termination of the Arrangement Agreement; (h) the Consideration is fixed and will not be adjusted to reflect any change in the market value of the Westgold Shares or Karora Shares prior to the closing of the Arrangement; (i) Karora will incur costs even if the Arrangement is not completed and may have to pay the Termination Fee and/or the Expense Fee to Westgold in certain circumstances; (j) if the Arrangement is not approved by the Karora Shareholders, or the Arrangement is otherwise not completed, then the market price for Karora Shares may decline; (k) owning Westgold Shares will expose Karora Shareholders to different risks; (l) the value of the Westgold Shares may fluctuate; (m) the value of the SpinCo Shares may fluctuate; (n) the TSX may not approve the listing of the Westgold Shares; and (o) the TSXV may not approve the listing of the SpinCo Shares. The foregoing list is not exhaustive. Please carefully read all of the risks disclosed elsewhere in this Circular, as well as risks disclosed in Karora's publicly disclosed documents available on SEDAR+.

See "Part 16 – Risks Factors Relating to the Arrangement" of this Circular.

Q: What are the Canadian federal income tax consequences of the Arrangement?

A: For a summary of certain Canadian federal income tax consequences of the Arrangement applicable to a Karora Shareholder, see "*Part 18 – Certain Canadian Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice to any particular Karora Shareholder. Karora Shareholders should consult their own tax advisors with respect to their particular circumstances.

Q: What are the U.S. federal income tax consequences of the Arrangement?

A: For a summary of certain material U.S. federal income tax consequences of the Arrangement applicable to a U.S. Holder, see "*Part 19 – Certain United States Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice to any particular Karora Shareholder. Karora Shareholders should consult their own tax advisors with respect to their particular circumstances.

Q: Am I entitled to Dissent Rights?

A: The Interim Order and Plan of Arrangement provide Registered Karora Shareholders with Dissent Rights in connection with the Arrangement. Karora Shareholders considering exercising Dissent Rights should seek the advice of their own legal counsel and tax and investment advisors and should carefully review the description of such rights set forth in this Circular, the Interim Order and the Plan of Arrangement. The right to dissent is described in this Circular, and the texts of each of the Plan of Arrangement, the Interim Order and Section 190 of the CBCA are set forth in Appendix D, Appendix E and Appendix J, respectively, to this Circular. **Failure to strictly comply with the dissent procedures in Section 190 of the CBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and the Final Order, could result in a loss of Dissent Rights.**

See "*Part 15 – Dissent Rights*" in this Circular.

FURTHER QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO:

**M O R R O W
S O D A L I**

North American Toll-Free Number: 1.888.999.2602

Outside North America, Banks, Brokers and Collect Calls: 1.289.695.3075

Email: assistance@morrrowsodali.com

North American Toll-Free Facsimile: 1.877.218.5372

For personal use only

KARORA RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

This management information circular and accompanying form of proxy are furnished in connection with the solicitation of proxies by the management of Karora Resources Inc. for use at the annual general and special meeting of Karora Shareholders to be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4 on July 19, 2024 at 10:00 a.m. (Toronto time) and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of annual general and special meeting. All summaries of, and references to, the Arrangement Agreement, the Plan of Arrangement, the Arrangement Resolution, the SpinCo Omnibus Share Incentive Plan Resolution, the Desjardins Fairness Opinion, the Haywood Fairness Opinion, the Cormark Fairness Opinion and the Westgold Technical Reports in this Circular are qualified in their entirety by reference to the complete texts of those documents, each of which is either included as an appendix to this Circular or filed under the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca. Karora Shareholders are urged to carefully read the full text of these documents.

PART 1. GENERAL MATTERS

Defined Terms

In this Circular, unless otherwise indicated or the context otherwise requires, terms defined in Appendix A – *Glossary of Terms* shall have the meanings attributed thereto. Words importing the singular include the plural and vice versa, and words importing gender include all genders.

Information Contained in this Circular

The information contained in this Circular, unless otherwise indicated, is given as of June 17, 2024.

No person has been authorized by the Corporation to give any information (including any representations) in connection with the matters to be considered at the Meeting other than the information contained in this Circular. This Circular does not constitute an offer to buy, or a solicitation of an offer to acquire, any securities, or a solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or is unlawful. Information contained in this Circular should not be construed as legal, tax or financial advice, and Karora Shareholders should consult their own professional advisors concerning the consequences of the Arrangement in their own circumstances.

This Circular and the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement have not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of such transactions or upon the accuracy or adequacy of the information contained in this Circular. Any representation to the contrary is unlawful.

Information Contained in this Circular Regarding Westgold and AcquireCo

Certain information included in this Circular pertaining to Westgold and AcquireCo, including, but not limited to, the information pertaining to Westgold and AcquireCo set forth in Appendix L of this Circular, has been furnished by Westgold. With respect to this information, the Corporation has relied exclusively upon Westgold, without independent verification by the Corporation. Although the Corporation does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Corporation nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for the failure by Westgold to disclose events or information that may affect the completeness or accuracy of such information.

For further information regarding Westgold and AcquireCo, please refer to Appendix L of this Circular.

Financial Information

Unless otherwise indicated, all historical financial statements included in this Circular relating to Westgold are reported in Australian dollars and prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB"), which also comply with IFRS, and Westgold's interim condensed

financial report for the three and nine months ended March 31, 2024 has been prepared in accordance with AASB 134 Interim Financial Reporting. The annual financial statements included in this Circular relating to SpinCo and the Spinout Investment Business of Karora are reported in C\$ and have been prepared in accordance with IFRS, and the interim financial statements included in this Circular relating to the Spinout Investment Business of Karora are reported in C\$ and have been prepared in accordance with IFRS, as applicable to the presentation preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

Currency

Unless otherwise indicated, all references to "\$", "C\$" or "dollars" set forth in this Circular are to Canadian dollars, all references to "A\$" set forth in this Circular are to Australian dollars and all references to "US\$" set forth in this Circular are to United States dollars.

PART 2. NOTICE TO KARORA SECURITYHOLDERS IN THE UNITED STATES

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Westgold Shares and SpinCo Shares, as well as the Karora Class A Shares, to be issued to Karora Securityholders in connection with the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and such securities are being issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by the Section 3(a)(10) Exemption on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to Karora Securityholders as further described in "*Part 12 – Securities Law Matters – United States Securities Law Matters*" of this Circular, and in reliance on exemptions from or qualifications under the registration requirements under any applicable securities laws of any state of the United States. The Section 3(a)(10) Exemption provides for securities issued in exchange for one or more *bona fide* outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and have received adequate notice thereof. All Karora Securityholders who will receive Share Consideration in the Arrangement are entitled to appear and be heard at the fairness hearing to be held by the Court prior to granting the Final Order. For further information about how to appear and be heard at the fairness hearing, see "*Part 7 – The Arrangement - Court Approval of the Arrangement – Final Order*" in this Circular and Appendix E and Appendix F to this Circular. Prior to the hearing on the Final Order, the Court will be informed of the Parties' intended reliance on the Final Order as the basis for the Section 3(a)(10) Exemption.

The U.S. Securities Act imposes restrictions on the resale of Westgold Shares received pursuant to the Arrangement by persons who will be "affiliates" of Westgold after the Effective Time or who have been "affiliates" of Westgold within 90 days of the Effective Time. The U.S. Securities Act also imposes restrictions on the resale of SpinCo Shares received pursuant to the Arrangement by persons who will be "affiliates" of SpinCo after the Effective Time or who have been "affiliates" of SpinCo or Karora within 90 days of the Effective Time.

The solicitation of proxies hereby for the Meeting is being made by a Canadian issuer in accordance with Canadian corporate and securities laws and is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 3b-4 under the U.S. Exchange Act). Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Karora Shareholders in the United States should be aware that such requirements are different from those applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Information included in this Circular

or incorporated by reference herein concerning the business of Karora, SpinCo and Westgold has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws.

Certain financial statements and information included or incorporated by reference herein have been prepared in accordance with IFRS and the Australian Accounting Standards as issued by the AASB, and are subject to auditing and auditor independence standards in Canada or Australia, as applicable, and thus may not be comparable to financial statements and information of U.S. companies prepared in accordance with U.S. generally accepted accounting principles and U.S. auditing and auditor independence standards.

As used in this Circular, as it relates to the Parties, the information concerning mineral properties has been prepared in accordance with NI 43-101 and the CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These requirements differ in material respects from the requirements of the SEC set forth in Regulation S-K 1300. Accordingly, the disclosure in this Circular regarding mineral properties may differ materially from the information that would be disclosed by a U.S. company subject to Regulation S-K 1300.

Karora Securityholders in the United States should be aware that the Arrangement described in this Circular may have tax consequences in both the United States and Canada. For a general discussion of the Canadian federal income tax consequences to Karora Shareholders who are not resident in Canada, see "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*". Karora Securityholders in the United States are also advised to review the summary contained in this Circular under the heading "*Part 19 – Certain United States Federal Income Tax Considerations*" and to consult their own tax advisors to determine the particular Canadian and United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

The enforcement by Karora Securityholders of civil liabilities under applicable U.S. securities laws may be affected adversely by the fact that the Parties are incorporated or organized outside the United States, that some of their respective directors and officers and the experts named in this Circular are not residents of the United States and that all or a substantial portion of the assets of the Parties and of said persons are located outside the United States. As a result, Karora Securityholders in the United States may be unable to effect service of process within the United States upon certain officers and directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States. In addition, Karora Securityholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or any applicable securities laws of any state of the United States.

PART 3. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Circular and the documents incorporated into this Circular by reference contain "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian and U.S. securities legislation (forward-looking statements and forward-looking information being collectively referred to as "forward-looking information") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated by reference. Forward-looking information may include, without limitation, statements and information concerning: the Arrangement; the anticipated timing for completion of the Arrangement; the anticipated benefits of the Arrangement; the likelihood of the Arrangement being completed; the principal steps of the Arrangement; statements made in, and based upon, the Desjardins Fairness Opinion, the Haywood Fairness Opinion and the Cormark Fairness Opinion; statements relating to the business and future activities of the Corporation and Westgold after the date of this Circular and prior to the Effective Time; statements relating to the business and future activities of the Combined Company and SpinCo after the Effective Time; Karora Shareholder and Court approval of the Arrangement; regulatory approval of the Arrangement; regulatory and third party consents and approvals relating to the Transferred Assets; Karora Shareholder approval of the SpinCo Omnibus Share Incentive Plan; the listing of the SpinCo Shares on the TSXV; the listing of the Westgold Shares on the TSX and other statements that are not historical facts.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "believes", "budget", "scheduled", "forecasts", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward- looking information and are intended to identify forward-looking information.

Forward-looking information is based on the beliefs, expectations and opinions of the management of Karora and Westgold, as well as on assumptions and other factors, which management of Karora and Westgold believe to be reasonable based on information available at the time such information was given. Such assumptions include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement and its fairness by the Court, the approval of the SpinCo Omnibus Share Incentive Plan Resolution and the receipt of the required governmental and regulatory approvals and consents.

By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora and Westgold to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, including, without limitation: the Arrangement Agreement may be terminated in certain circumstances; general economic conditions; industry conditions; volatility of commodity prices; currency fluctuations; environmental risks; competition from other industry participants; and stock market volatility. This list is not exhaustive of the factors that may affect any of the forward-looking information of Karora and Westgold.

Forward-looking information is information about the future and is inherently uncertain. There can be no assurance that the forward-looking information will prove to be accurate. Actual results could differ materially from those reflected in the forward-looking information as a result of, among other things, the matters set out or incorporated by reference in this Circular generally and economic and business factors, some of which may be beyond the control of Karora and Westgold. Some of the more important risks and uncertainties that could affect forward-looking information are described further under the heading "*Part 16 – Risk Factors Relating to the Arrangement*". Additional risks are discussed (a) in respect of Karora, in filings by Karora with Canadian regulatory authorities on SEDAR+, respectively, including the risk factors included in Karora's annual information form for the year ended December 31, 2023, and (b) in respect of Westgold, in Appendix L of this Circular. Karora and Westgold expressly disclaim any intention or obligation to update or revise any information contained in this Circular (including forward-looking information) except as required by applicable laws, and Karora Shareholders should not assume that any lack of update to information contained in this Circular means that there has been no change in that information since the date of this Circular and should not place undue reliance on forward-looking information.

PART 4. SUMMARY

The following is a summary of the principal features of the Arrangement and certain other matters and should be read together with the more detailed information contained elsewhere in this Circular, including the appendices hereto, or incorporated by reference in this Circular. Capitalized terms have the meanings ascribed to such terms in the "Glossary of Terms" included in Appendix A of this Circular. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein.

The Meeting and Record Date

The Meeting will be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4 on July 19, 2024 at 10:00 a.m. (Toronto time).

The Karora Board has fixed the close of business on June 13, 2024 as the Record Date for the determination of the Karora Shareholders entitled to receive notice of, and vote at, the Meeting. Only Karora Shareholders whose names have been entered in the applicable register of the Corporation as of the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting.

Purpose of the Meeting

In addition to the consideration of the annual meeting matters by Karora Shareholders, as set out in Appendix R to this Circular, the purpose of the Meeting is for Karora Shareholders to consider and vote upon the Arrangement Resolution and the SpinCo Omnibus Share Incentive Plan Resolution.

For the Arrangement to become effective, the Arrangement Resolution must first be approved at the Meeting by the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast on the Arrangement Resolution by Karora Shareholders and (ii) a majority (more than 50%) of the votes cast on the Arrangement Resolution by Karora Shareholders, excluding the votes cast in respect of Karora Shares held by certain interested or related parties or joint actors of Karora in accordance with the minority approval requirements of MI 61-101.

To be effective, the SpinCo Omnibus Share Incentive Plan Resolution must be approved by at least a majority (more than 50%) of the votes cast by the Karora Shareholders at the Meeting or by proxy. The SpinCo Omnibus Share Incentive Plan Resolution will only become effective if the Arrangement is approved and completed.

See "Part 7 – The Arrangement – Approval of Arrangement Resolution" and "Part 5 – General Proxy Information – Voting Matters" of this Circular.

The Arrangement

If completed, as a result of the Arrangement: (i) Karora will distribute 100% of the issued and outstanding SpinCo Shares to Karora Shareholders and SpinCo will become a "stand-alone" entity, owned by the Former Karora Shareholders; (ii) Westgold will indirectly acquire all of the issued and outstanding Karora Shares and Karora will become an indirect wholly-owned subsidiary of Westgold; and (iii) Karora Shareholders (other than Dissenting Shareholders) will be entitled to receive the Consideration consisting of \$0.608 in cash, 2.524 Westgold Shares and 0.3 of a SpinCo Share for each Karora Share held immediately prior to the Effective Time.

Each Karora RSU, Karora PSU and Karora DSU held immediately prior to the Effective Time will be conditionally vested and their respective surrender and cancellation or redemption dates conditionally accelerated in accordance with the terms of the Karora Plan, and will be redeemed by Karora and cancelled in consideration for the issue by Karora to the holders of such Karora RSUs, Karora PSUs or Karora DSUs of one Karora Share for each such Karora RSU, Karora PSU or Karora DSU, as applicable. Each Karora Share issued to a holder of Karora RSUs, Karora PSUs and Karora DSUs in accordance with the foregoing will entitle the holder to receive the Consideration for each such Karora Share to the same extent as a Karora Shareholder.

Each Karora Option will be conditionally accelerated and will vest in accordance with the terms of the Karora Plan, such that all outstanding Karora Options may be exercised prior to the Effective Time, thereby entitling holders of such exercised Karora Options to receive the Consideration in exchange for their Karora Shares to the same extent as a Karora Shareholder, and all unexercised Karora Options at the Effective Time will be terminated and cancelled for

no consideration pursuant to conditional exercise and termination agreements entered into between the Corporation and each holder of Karora Options.

A Dissenting Shareholder who validly exercises Dissent Rights in respect of his, her or its Karora Shares and who has not withdrawn, or been deemed to have withdrawn, such exercise of Dissent Rights is entitled, upon the Arrangement becoming effective, to be paid the fair value of such Karora Shares.

See "*Part 7 – The Arrangement – Arrangement Mechanics*" of this Circular for a more detailed description of the Arrangement steps, including certain transaction that will take effect prior to the Effective Time, and Appendix D of this Circular for a copy of the Plan of Arrangement.

See "*Part 7 – The Arrangement – Spin-off Transaction*" of this Circular for more details regarding SpinCo.

Background to the Arrangement

The provisions of the Arrangement Agreement are the result of arm's length negotiations, on the basis of a merger of equals, between representatives of Karora and Westgold, their respective legal counsel and Karora's financial advisors. A summary of the material events leading up to the negotiation of the Arrangement Agreement and the material meetings, negotiations and discussions between the Corporation and Westgold that preceded the execution and public announcement of the Arrangement Agreement is set out under the heading "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

Fairness Opinions

CIBC, Haywood and Cormark were engaged to act as financial advisors to Karora and the Karora Board in connection with the Arrangement, while Desjardins was retained to advise the Special Committee. On April 7, 2024, Haywood and Cormark provided oral fairness opinions to the Karora Board, and Desjardins provided an oral fairness opinion to the Special Committee, which were each subsequently confirmed in writing, to the effect that, as of the date of such Fairness Opinion, and subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement, is fair, from a financial point of view, to the Karora Shareholders. The full text of the Desjardins Fairness Opinion, the Haywood Fairness Opinion and the Cormark Fairness Opinion, each of which sets forth, among other things, the scope of review undertaken, the assumptions made, matters considered, procedures followed and limitations and qualifications thereof, are attached as Appendix G, Appendix H and Appendix I of this Circular, respectively. Karora Shareholders are urged to, and should, read the Fairness Opinions in their entirety. This summary is qualified in its entirety by reference to the full text of the Fairness Opinions. See "*Part 7 – The Arrangement – Fairness Opinions*", "*Part 9 – Desjardins Fairness Opinion*", "*Part 10 – Haywood Fairness Opinion*" and "*Part 11 – Cormark Fairness Opinion*" of this Circular.

Subject to the terms of their respective engagements, each of Desjardins, Haywood and Cormark have consented to the inclusion in this Circular of its respective Fairness Opinion in its entirety, together with the summary herein. The Fairness Opinions were provided to the Special Committee and the Karora Board, as applicable, for their exclusive use only in considering the Arrangement and may not be relied upon by any other person or for any other purpose or published or disclosed to any other person, relied upon by any other person or used for any other purpose without the express written consent of Desjardins, Haywood or Cormark, as applicable. The Fairness Opinions are not, and should not be construed as, valuations of Westgold, Karora or SpinCo (or any of their respective affiliates) or their respective assets, liabilities or securities or as a recommendation to any Karora Shareholder as to how to vote with respect to the Arrangement Resolution or any other matter at the Meeting.

Recommendation of the Special Committee with Respect to the Arrangement

The Special Committee, after consultation with its financial advisor and legal counsel and having taken into account the Desjardins Fairness Opinion and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Part 7 – The Arrangement – Reasons for the Arrangement*" has unanimously determined that the Arrangement is in the best interests of Karora and is fair to the Karora Shareholders. Accordingly, the Special Committee unanimously recommended that the Karora Board vote in favour of approving the Arrangement and recommends to Karora Shareholders that they vote **FOR** the Arrangement Resolution.

Recommendation of the Karora Board with Respect to the Arrangement

The Karora Board, after consultation with its financial advisors and legal counsel and having taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Part 7 – The Arrangement – Reasons for the Arrangement*" and the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of Karora and is fair to the Karora Shareholders. Accordingly, the Karora Board unanimously recommends that Karora Shareholders vote **FOR** the Arrangement Resolution.

Westgold has entered into Karora Voting and Lock-up Agreements with each of Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams, pursuant to which each of the aforementioned individuals has agreed to, among other things, support the Arrangement and to vote any Karora Shares they own in favour of the Arrangement Resolution. All of the directors and officers of Karora intend to vote all of their Karora Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Karora Voting and Lock-up Agreements. In addition, key institutional shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.

See "*Part 7 – The Arrangement – Recommendation of the Karora Board*", "*Part 7 – The Arrangement – Reasons for the Arrangement*" and "*Part 7 – The Arrangement – Voting Agreements*" of this Circular.

Recommendation of the Karora Board with Respect to the SpinCo Omnibus Share Incentive Plan Resolution

The Karora Board, after careful consideration and having consulted with their legal counsel and considered such other matters as they considered necessary and relevant, including the role a share incentive plan plays in the motivation, attraction and retention of key employees, directors and consultants of SpinCo due to the opportunity offered to them to acquire a proprietary interest in SpinCo, has unanimously determined to recommend that Karora Shareholders vote **FOR** the SpinCo Omnibus Share Incentive Plan Resolution.

Reasons for the Arrangement

The Special Committee and the Karora Board reviewed and considered a significant amount of information and considered a number of factors relating to the Arrangement, with the benefit of advice from Karora Management, and the respective financial advisors and legal advisors of the Special Committee and the Karora Board. The following is a summary of the principal reasons for the unanimous recommendation of the Special Committee and the Karora Board that Karora Shareholders vote **FOR** the Arrangement Resolution:

- **Compelling Value.** Karora Shareholders will receive 2.524 Westgold Shares and \$0.608 in cash for each Karora Share held immediately prior to the Effective Time, in addition to retaining a 100% ownership interest in SpinCo. The Consideration represents a deemed price of approximately \$5.90 per Karora Share based on Westgold's closing price on the ASX of \$2.039 (A\$2.28) on April 5, 2024, being the last trading date prior to the announcement of the Arrangement. The total value of the Consideration to be received by Karora Shareholders represents a premium to the trading value of the Karora Shares prior to the announcement of the Arrangement. On April 5, 2024, being the last trading date prior to the announcement of the Arrangement, the Consideration represented a premium of 10.1% to Karora's last closing price on the TSX of \$5.360, a 18.9% premium to Karora's 20-day VWAP on the TSX of \$4.964 and a 25.3% premium based on Westgold's 20-day VWAP on the ASX of \$2.164 (A\$2.421) and Karora's 20-day VWAP on the TSX of \$4.964.¹
- **Meaningful Ownership in a Leading Western Australian Focused Mid-Tier Gold Producer.** As part of the Consideration, Karora Shareholders will receive Westgold Shares. The Combined Company is expected to be a top five Australian gold producer with pro forma market capitalization of approximately A\$2.1 billion (based on the Combined Company's pro forma issued shares and Westgold's closing price of A\$2.26 as at June 17, 2024). The Combined Company is expected to be positioned as one of the largest unhedged Australian gold producers providing investors with full exposure to gold prices following the completion of

¹ Based on AUD:CAD of 0.8941 on April 5, 2024. Based on the Combined Company's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of \$2.039 (A\$2.28) as at April 5, 2024.

the Arrangement. The Combined Company is expected to have flexibility and optionality from a combined five mills and 6.9 million tonnes per annum of processing capacity exclusively in Western Australia along with the potential for significant exploration upside through an approximate 3,200km² land package across two Western Australian goldfields. It is expected that upon completion of the Arrangement, existing Westgold Shareholders and Former Karora Shareholders will own approximately 50.1% and 49.9%, respectively, of the Combined Company.

- **Diversified Production in a Tier 1 Jurisdiction.** The Combined Company will have increased diversification across four production centres in Western Australia led by Westgold's established management team that has significant experience in Western Australia. Westgold's operating hub model is well-suited to optimize value of Karora's two strategically located mills.
- **Continued Exposure to Karora Assets.** Karora Shareholders, through their ownership of Westgold Shares, will retain exposure to Karora's core assets, including the Beta Hunt Mine and the Higginsville Gold Operations, and to certain other Karora assets through their ownership of SpinCo Shares.
- **Increased Certainty of Value and Immediate Liquidity.** The fact that a portion of the Consideration under the Arrangement will be paid in cash provides Karora Shareholders with increased certainty of value and some immediate liquidity while decreasing exposure to the uncertainties of long-term business and execution risk.
- **Organic Growth Pipeline.** Near-mine and regional-scale exploration opportunities across Karora's assets provides potential to realize resource growth at the Beta Hunt Mine and the Higginsville Gold Operations and creates a strong organic growth pipeline when combined with Westgold's exploration ground in the Murchison region. In addition, the Combined Company will have a platform for future organic growth and optionality over nickel co-production at Karora's Beta Hunt Mine.
- **Targeting Material Synergies to Drive Substantial Value Creation.** The completion of the Arrangement has the potential to deliver synergies, including: cost savings through the optionality provided by Westgold's existing mining and drilling fleet paired with Karora's newly purchased equipment; the ability to leverage the combined in-house expertise to efficiently progress projects towards production, such as Karora's Spargos Reward Gold Mine; and an increased platform to attract and retain talent as a larger and more significant Western Australian employer.
- **Strong Financial Resources.** The Combined Company is expected to have financial resources of approximately A\$160 million, comprised of Westgold's existing corporate revolving facility (subject to requisite consents), existing cash and marketable securities and the acquired Karora cash and equivalents; and following payment of the cash consideration to Karora Shareholders, deduction of the cash retained in SpinCo, repayment of the existing Karora Senior Facility, payment of any landholder duty and payment of other transaction costs. The Combined Company will be positioned to benefit from a strong combined forecast free cashflow profile, which provides a strong financial platform to continue investing in organic growth opportunities while enhancing Westgold's dividend policy due to the increased production and cash flow generation from Karora's assets.
- **Enhanced Capital Markets Profile and Trading Liquidity.** Upon completion of the Arrangement, it is proposed that the Combined Company will be listed on both the ASX and the TSX, providing it with greater exposure to capital markets than is currently available to Karora. The Combined Company, being a larger, ASX and TSX dual-listed gold producer, will enjoy an enhanced profile with an elevated capital markets presence and value proposition to a wider range of global investors. The increased scale and diversity may enhance potential demand from index funds tracking the GDX and GDXJ, among others. Further, the Combined Company has the potential to participate in a re-rating to the peer group valuation of a new set of gold producer peers as well as from anticipated enhanced index buying due to the potential inclusion in the ASX 200 and increased weighting on the GDX.

- **Ownership of SpinCo Shares.** Karora Shareholders, through their ownership of SpinCo Shares, will, subject to receipt of all required regulatory and third-party consents and approvals, be able to participate in the upside potential of Kali, an ASX-listed lithium exploration company with assets throughout Western Australia and will retain the right to receive future payments related to the sale of the Dumont property. SpinCo will be managed by an experienced team, led by Paul Huet, Chairman and CEO of Karora, and will be funded with cash on hand of approximately C\$5 million to pursue its strategic growth initiatives.
- **Fairness Opinions.** Desjardins, financial advisor to the Special Committee, and Haywood and Cormark, financial advisors to Karora and the Karora Board, have each provided a fairness opinion to the effect that as of the date thereof, and subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Karora Shareholders.
- **Support by Directors, Officers and Certain Shareholders of Karora.** All of the directors and officers of Karora have entered into Karora Voting and Lock-up Agreements with Westgold. Under the Karora Voting and Lock-up Agreements, each of the following individuals has agreed to, among other things, support the Arrangement and to vote any Karora Shares they own in favour of the Arrangement Resolution: Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams. In addition, key institutional shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.
- **Reasonable Termination Payment.** The Termination Fee equal to approximately 3.6% of the fully diluted equity value,² which is payable in certain circumstances by Karora or Westgold, is reasonable. In the view of the Karora Board, the Termination Fee would not preclude a third party from potentially making a Superior Proposal to Karora.

In making its determinations and recommendations, the Special Committee and the Karora Board also observed that a number of procedural safeguards were in place and present to permit the Karora Board to protect the interests of Karora, Karora Shareholders and other Karora stakeholders. These procedural safeguards include, among others:

- **Ability to Respond to Unsolicited Superior Proposals.** Under the terms of the Arrangement Agreement, the Karora Board is able to respond to any unsolicited *bona fide* written proposal that, having regard to all of the terms and conditions of such proposal, constitutes or would reasonably be expected to constitute a Superior Proposal.
- **Negotiated Transaction.** The Arrangement Agreement is the result of an arm's length negotiation process, with Karora, negotiated on the basis of a merger of equals, having retained and received advice from its financial advisors and legal counsel.
- **Shareholder Approval.** In order to become effective, the Arrangement must first have received the Karora Shareholder Approval at the Meeting.
- **Court Approval.** In order to become effective, the Arrangement must be approved by the Court, which will consider, among other things, the substantive and procedural fairness and reasonableness of the Arrangement to Karora Shareholders.
- **Dissent Rights.** The Interim Order provides that a Registered Karora Shareholder may, upon strict compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive the fair value of their Karora Shares in accordance with the Plan of Arrangement.

² Based on AUD:CAD of 0.8941 on April 5, 2024. Based on the Combined Company's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of \$2.039 (A\$2.28) as at April 5, 2024.

In making its determinations and recommendations with respect to the Arrangement, the Karora Board also considered a number of potential risks and potential negative factors, which the Karora Board concluded were outweighed by the positive substantive and procedural factors of the Arrangement described above, including the following:

- **Integration Challenges.** The challenges inherent in combining two businesses of the size, diversity and complexity of Karora and Westgold.
- **Diversion of Management Attention.** The potential risk of diverting management's attention and resources from the operation of Karora's business, including other strategic opportunities and operational matters, in the short term, while working toward the completion of the Arrangement.
- **Impact on Karora's Relationships.** The potential negative effect of the Arrangement on Karora's business, including its relationships with employees, suppliers, and communities in which it operates.
- **Limitations on Operation of Business during Interim Period.** The restrictions on the conduct of Karora's business prior to the completion of the Arrangement, which could delay or prevent Karora from undertaking business opportunities that may arise pending completion of the Arrangement.
- **Retention of Key Personnel.** The potential adverse impact that business uncertainty pending the completion of the Arrangement could have on Karora's ability to attract, retain and motivate key personnel until the completion of the Arrangement.
- **Risk of Non-Completion.** The risk that the Arrangement may not be completed despite the Parties' efforts or that completion of the Arrangement may be unduly delayed, even if the Karora Shareholder Approval is obtained, including the possibility that conditions to the Parties' obligations to complete the Arrangement may not be satisfied, and the potential resulting negative impact this could have upon Karora's business.
- **Limitations on Solicitation of Alternative Transactions.** The limitations contained in the Arrangement Agreement on Karora's ability to solicit additional interest from third parties, given the deal protections in the Arrangement Agreement, as well as the fact that if the Arrangement Agreement is terminated under certain circumstances, Karora will be required to pay the Termination Fee to Westgold.
- **Difficulty of Negotiating an Alternative Transaction if the Arrangement Agreement is Terminated.** The fact that if the Arrangement Agreement is terminated and Karora decides to seek another transaction or business combination, it may be unable to find a party willing to pay greater or equivalent value compared to the Consideration being provided to the Karora Shareholders under the Arrangement.
- **Risks related to Regulatory Approvals.** The risk that the Court and regulatory agencies may not approve the Arrangement or may impose terms and conditions on their approvals that may adversely affect the business and financial results of the Combined Company.
- **Transaction Costs.** The fact that Karora has incurred and will continue to incur significant transaction costs and expenses in connection with the Arrangement, regardless of whether the Arrangement is completed.
- **Enforcement Risk.** Judgment against Westgold in Canada for breach of the Arrangement Agreement may be difficult to enforce against Westgold's assets outside of Canada.

The foregoing summary of the information considered by the Karora Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Karora Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations.

See "*Part 3 – Cautionary Statement Regarding Forward-Looking Information*", "*Part 7 – The Arrangement – Reasons for the Arrangement*" and "*Part 16 – Risk Factors Relating to the Arrangement*" of this Circular.

Spin-off Transaction

Under the Arrangement, pursuant to the Plan of Arrangement, the SpinCo Contribution Agreement and the related agreements contemplated by the SpinCo Contribution Agreement and the Plan of Arrangement, Karora will or will cause to be transferred the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for SpinCo Shares. It is a condition precedent to the Arrangement that all key regulatory and

third party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. Following the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo, Karora will distribute 100% of the issued and outstanding SpinCo Shares to Karora Shareholders pursuant to the Plan of Arrangement.

In connection with the Arrangement, Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV. As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares.

See "*Part 7 – The Arrangement – Spin-off Transaction*", "*Part 12 – Securities Law Matters – Australian Securities Law Matters – Transfer of Kali Shares*", and "*Part 16 – Risk Factors Relating to the Arrangement*" of this Circular. See also "*Appendix N – Information Concerning SpinCo – General Development of SpinCo's Business – Business of SpinCo*" to this Circular.

Voting Agreements

Effective April 8, 2024, Westgold entered into Karora Voting and Lock-up Agreements with each of the following individuals: Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams. In addition, certain shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.

The Karora Voting and Lock-up Agreements set forth, among other things, the agreement to vote the Karora Shares covered by such Karora Voting and Lock-up Agreements in favour of the Arrangement Resolution.

See "*Part 7 – The Arrangement – Voting Agreements*" of this Circular.

Information Concerning the Corporation

Karora is a reporting issuer in each of the provinces of Canada. Karora's head office is located at 141 Adelaide Street West, Suite 1608, Toronto, Ontario M5H 3L5. The Corporation's telephone number is (416) 363-0649.

Karora is a multi-operational mineral resource company with its mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine, Higginsville Gold Operations, Lakewood Mill and Spargos Reward Gold Mine. Beta Hunt is a gold producing underground operation with a nickel by-product. Karora's mineral property interests at Beta Hunt and Higginsville host a large historical resource inventory, substantial portfolio of gold tenements and a series of open pits and underground operations. Karora's growth pathway is underpinned by the increased milling capacity now in place at Higginsville and following the acquisition of the Lakewood Mill in 2022, along with the addition of a second decline and related ventilation upgrades at Beta Hunt intended to increase production to 2.0 Mtpa during 2024.

For further information regarding Karora, see "*Part 21 – Information Concerning the Corporation*" of this Circular.

Information Concerning SpinCo

Pursuant to the Plan of Arrangement and the SpinCo Contribution Agreement and subject to receipt of all required regulatory and third party consents and approvals, Karora will transfer all of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for the SpinCo Shares. Following the transfer, Karora will, pursuant to the Plan of Arrangement, distribute the SpinCo Distribution Shares, representing 100% of the issued and outstanding SpinCo Shares, to Participating Former Karora Shareholders as part of the Consideration, so that on completion of the Arrangement, former Karora Shareholders will own 100% of SpinCo.

After completion of the Arrangement, the business and operations of SpinCo will be managed and operated as a stand-alone corporation. The principal executive office of SpinCo will be located at Suite 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1A4.

For more information on SpinCo, see "*Part 22 – Information Concerning SpinCo*" of this Circular and Appendix N to this Circular.

Information Concerning Westgold and AcquireCo

Westgold is a company registered in Western Australia. Westgold is a mid-tier gold producer with a large and strategic land package situated in the Murchison and Bryah regions of Western Australia. Westgold's purpose is to create intergenerational wealth for its shareholders, staff and stakeholders by leveraging its gold assets. With over 1,300 staff and contractors, Westgold is a dominant gold miner in the Australian Mid-West.

After listing on the ASX in December 2016, Westgold has consolidated over 1,300km² of mining titles across three key business units. These units encompass the Fortnum operations located in the Bryah region to the north, and the Meekatharra and Cue operations located in the Murchison region. Westgold's operations are supported by its wholly owned mining equipment, fleet and services units.

The head office and registered office of Westgold is located at Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000. Westgold Shares are listed and posted for trading on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXRF".

AcquireCo, being a direct wholly owned subsidiary of Westgold, is a corporation incorporated under the laws of the Province of British Columbia. AcquireCo was incorporated on April 5, 2024 as 1474429 B.C. Ltd. To date, AcquireCo has not carried on any business except in connection with its role in the Arrangement.

For more information on Westgold and AcquireCo, see "*Part 23 – Information Concerning Westgold and AcquireCo*" and Appendix L of this Circular.

Information Concerning the Combined Company

On completion of the Arrangement, AcquireCo will directly own, and Westgold will indirectly own, all of the issued and outstanding shares in the capital of Karora. After completion of the Arrangement, the business and operations of Karora will be managed and operated as an indirect subsidiary of Westgold. Westgold expects that the business and operations of Westgold and Karora will be consolidated and the principal executive office of the Combined Company will be located at Westgold's current principal executive office, being Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000.

For more information on the Combined Company, see "*Part 24 – Information Concerning the Combined Company*" of this Circular and Appendix M of this Circular. The Karora Board is aware of these interests and considered them along with other matters described under "*Part 7 – The Arrangement – Reasons for the Arrangement*" of this Circular.

Court Approval of the Arrangement

Under the CBCA, the Arrangement requires Court approval.

Interim Order

On June 14, 2024, Karora obtained the Interim Order providing for the calling and holding of the Meeting, the grant of Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Appendix E of this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, provided the Arrangement Resolution is approved by Karora Shareholders at the Meeting in the manner required by the Interim Order, Karora intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for July 24, 2024, at 11:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, or at any other date and time as the Court may direct. Any Karora Securityholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a Notice of Appearance and any evidence upon which they intend to rely no later than July 22, 2024, along with any other documents required, all as set out in the Interim Order and the Notice of Application, the text of which are set out in Appendix E and Appendix F to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their

legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those persons having previously filed and served a Notice of Appearance will be given notice of the adjournment.

For a copy of the Interim Order, see Appendix E of this Circular and for a copy of the notice of application in respect of the Final Order, see Appendix F of this Circular. See also "*Part 12 – Securities Law Matters – United States Securities Law Matters*" of this Circular.

The Arrangement Agreement

A description of certain provisions of the Arrangement Agreement is included in this Circular under the heading "*Part 8 – The Arrangement Agreement*". The description is not comprehensive and is qualified in its entirety by the full text of the Arrangement Agreement, which has been filed under the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca.

Conditions to the Arrangement Becoming Effective

Under the Arrangement Agreement, certain conditions, which are summarized below, must first have been satisfied or waived in order for the Arrangement to become effective. See "*Part 8 – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*" of this Circular.

Mutual Conditions

The obligations of the Parties to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, in form and substance satisfactory to each of Karora and Westgold, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Karora or Westgold, acting reasonably, on appeal or otherwise;
- (b) the Karora Shareholder Approval shall have been obtained at the Meeting in accordance with the Interim Order;
- (c) Westgold Shareholder Approval, if, and to the extent, required by the ASX, shall have been obtained at the Westgold Meeting;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Westgold or Karora which prevents the consummation of the Arrangement;
- (e) no Proceeding shall be pending or threatened by any Governmental Entity in any jurisdiction that is reasonably likely to (i) cease trade, enjoin, prohibit, or impose any limitations, damages, or conditions on Westgold's ability to acquire, hold, or exercise full rights of ownership over any Karora Shares, including the right to vote the Karora Shares, or (ii) prohibit or enjoin Karora or Westgold from consummating the Arrangement;
- (f) no person shall have filed any notice of appeal of the Final Order, and no person shall have communicated to Karora or Westgold (orally or in writing) any intention to appeal the Final Order which, in the reasonable opinion of Karora or Westgold (on the advice of outside legal counsel), would make it inadvisable to proceed with the implementation of the Arrangement;
- (g) the Arrangement Agreement shall not have been terminated in accordance with its terms;

For personal use only

- For personal use only
- (h) the distribution of the securities pursuant to the Arrangement shall either: (i) be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief granted from the securities regulatory authorities of Australia (including in respect of the on-sale disclosure obligations imposed by subsections 707(3) and (4) of the Corporations Act for the on-sale of Westgold Shares following implementation of the Arrangement) and each of the provinces and territories of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale or on-sale restrictions or disclosure obligations under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of NI 45-102); or (ii) if exemptive relief from the prospectus and registration requirements under applicable Australian Securities Laws is not granted by the securities regulatory authorities of Australia, Westgold shall have filed a prospectus in connection with the issuance of the Westgold Shares to be issued pursuant to the Arrangement;
 - (i) conditional approval (or equivalent approval) of the listing or official quotation of the Westgold Shares issuable pursuant to the Arrangement on the ASX and on the TSX shall have been obtained by Westgold;
 - (j) FIRB Approval shall have been obtained by Westgold; and
 - (k) the distribution of the Share Consideration pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

Westgold Conditions

The obligations of Westgold and AcquireCo to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment of certain conditions precedent, including but not limited to the following (each of which is for the exclusive benefit of Westgold and AcquireCo and may be waived by Westgold):

- (a) all covenants of Karora under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Westgold shall have been duly performed by Karora in all material respects, and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed by two executive officers on behalf of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Karora set forth in the Arrangement Agreement that are qualified by the expression "Material Adverse Effect" or other materiality qualifiers shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Karora in the Arrangement Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date) and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed on behalf of Karora by two executive officers of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Karora, and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed by two executive officers on behalf of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (d) Karora and SpinCo shall have entered into the SpinCo Contribution Agreement in accordance with Section 5.8 of the Arrangement Agreement;

- For personal use only
- (e) the Key Regulatory Approvals and Key Third Party Consents required to be obtained by each of Karora and Westgold shall have been obtained;
 - (f) holders of no more than 5% of the Karora Shares shall have exercised Dissent Rights;
 - (g) Karora has received effective resignations and mutual releases (in a form satisfactory to Westgold, acting reasonably) of each member of the Karora Board and each member of the board of directors of its subsidiaries, effective as of the Effective Date; and
 - (h) Karora shall have complied with its obligations under Section 2.8 of the Arrangement Agreement and the Depository shall have confirmed receipt of the Fractional SpinCo Shares contemplated thereby.

Karora Conditions

The obligations of Karora to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Karora and may be waived by Karora):

- (a) all covenants of Westgold and AcquireCo under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Karora shall have been duly performed by Westgold and AcquireCo in all material respects, and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Westgold and AcquireCo set forth in the Arrangement Agreement that are qualified by the expression "Material Adverse Effect" or other materiality qualifiers shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Westgold and AcquireCo in the Arrangement Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date); and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Westgold, and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (d) the Key Regulatory Approvals and Key Third Party Consents required to be obtained by each of Karora and Westgold shall have been obtained;
- (e) the actions required to be taken by Westgold pursuant to Section 5.4(a)(v) of the Arrangement Agreement to ensure the Westgold Board will include two directors nominated by Karora with effect as and from the Effective Time shall have been taken; and
- (f) Westgold shall have complied with its obligations under Section 2.8 of the Arrangement Agreement and the Depository shall have confirmed receipt of the Westgold Shares contemplated thereby.

Non-Solicitation Covenants

Pursuant to the Arrangement Agreement, each Party has agreed not to, directly or indirectly, make, solicit, initiate, entertain, encourage, promote or facilitate any Acquisition Proposals. However, each of the Karora Board and the Westgold Board does have the right to consider and accept a Superior Proposal under certain conditions. Each Party has the right to offer to amend the terms of the Arrangement Agreement in response to any Acquisition Proposal that the Karora Board or the Westgold Board, as applicable, has determined is a Superior Proposal in accordance with the Arrangement Agreement. If each Party accepts a Superior Proposal and either party terminates the Arrangement Agreement, then the Terminating Party must pay the other Party the Termination Fee.

See "*Part 8 – The Arrangement Agreement – Non-Solicitation Covenant*" of this Circular.

Termination of Arrangement Agreement and Termination Fee

Under the Arrangement Agreement, each Party is entitled to be paid a Termination Fee in the amount of C\$40 million upon the occurrence of certain events.

See "*Part 8 – The Arrangement Agreement – Termination*" of this Circular.

Regulatory Matters

It is a condition of the Arrangement that the TSX and the ASX shall have approved for listing and posted for trading (or provided equivalent approvals), subject only to satisfaction of the standard listing conditions, as applicable, the Westgold Shares forming part of the Consideration, at the Effective Time. Westgold Shares are currently quoted on the ASX. Westgold has applied for its Westgold Shares to be listed on the TSX, and there is no assurance that the TSX will approve the listing application. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX.

Although Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV, it is not a condition to the completion of the Arrangement that the TSXV approve the listing of the SpinCo Shares. Listing will be subject to SpinCo receiving the approval of the TSXV in accordance with its policies and fulfilling all of the initial listing requirements of the TSXV. As of the date of this Circular, the TSXV has not conditionally approved the listing of the SpinCo Shares on the TSXV, and there can be no assurance that the TSXV will approve the listing application. The closing of the Arrangement is not conditional on the TSXV approving the listing of the SpinCo Shares.

In addition, the remaining Key Regulatory Approvals required by the Arrangement Agreement consist of the FIRB Approval.

Securities Law Matters

Karora Shareholders are urged to obtain independent advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances. Each Karora Shareholder is urged to consult his or her professional advisors to determine the conditions and restrictions applicable to trades in Westgold Shares and SpinCo Shares.

The issuance of the Westgold Shares and the SpinCo Shares pursuant to the Arrangement will constitute distributions of securities under Canadian securities laws that are exempt from the prospectus requirements of applicable Canadian securities laws. Westgold Shares and SpinCo Shares issued pursuant to the Arrangement may be resold in each province of Canada, provided that: (i) the trade is not a "control distribution" as defined in NI 45-102; (ii) no unusual effort is made to prepare the market or create a demand for those securities; (iii) no extraordinary commission or consideration is paid in respect of that trade; and (iv) if the selling security holder is an "insider" or "officer" of Westgold (as such terms are defined by applicable Securities Laws), the insider or officer has no reasonable grounds to believe that Westgold is in default of applicable Securities Laws.

For more information, see "*Part 12 – Securities Law Matters – Canadian Securities Law Matters*", "*Part 12 – Securities Law Matters – United States Securities Law Matters*" and "*Part 12 – Securities Law Matters – Australian Securities Law Matters*" of this Circular.

Dissent Rights

The Interim Order provides that Registered Karora Shareholders entitled to vote on the Arrangement Resolution may exercise Dissent Rights with respect to their Karora Shares in connection with the Arrangement, pursuant to and in the manner set forth in section 190 of the CBCA as modified by the Interim Order, the Final Order and the Plan of Arrangement. A Dissenting Shareholder who validly exercises Dissent Rights in respect of his, her or its Karora Shares and who has not withdrawn, or been deemed to have withdrawn, such exercise of Dissent Rights is entitled, upon the Arrangement becoming effective, to be paid the fair value of such Karora Shares.

It is a condition of the Arrangement that holders of no more than 5% of the issued and outstanding Karora Shares shall have exercised Dissent Rights, or have instituted proceedings to exercise Dissent Rights, in connection with the Arrangement.

See "*Part 15 – Dissent Rights*" of this Circular.

Risk Factors Relating to the Arrangement

Karora Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to, the following: (a) Westgold and Karora may not integrate successfully; (b) uncertainty surrounding the Arrangement could adversely affect Karora's retention of customers and suppliers and could negatively impact Karora's future business and operations; (c) the unaudited pro forma financial information is presented for illustrative purposes only and may not be an indication of the Combined Company's financial condition or results of operations following the Arrangement; (d) directors and executive officers of Karora may have interests in the Arrangement that are different from those of Karora Shareholders generally; (e) the issuance of a significant number of Westgold Shares, or securities convertible into Westgold Shares, could adversely affect the market price of the Westgold Shares; (f) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Karora; (g) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (h) the Consideration is fixed and will not be adjusted to reflect any change in the market value of the Westgold Shares or Karora Shares prior to the closing of the Arrangement; (i) Karora will incur costs even if the Arrangement is not completed and may have to pay the Termination Fee and/or the Expense Fee to Westgold in certain circumstances; (j) if the Arrangement is not approved by the Karora Shareholders, or the Arrangement is otherwise not completed, then the market price for Karora Shares may decline; (k) owning Westgold Shares will expose Karora Shareholders to different risks; (l) the value of the Westgold Shares may fluctuate; (m) the value of the SpinCo Shares may fluctuate; (n) the TSX may not approve the listing of the Westgold Shares; and (o) the TSXV may not approve the listing of the SpinCo Shares. The foregoing list is not exhaustive. Please carefully read all of the risks disclosed elsewhere in this Circular, as well as risks disclosed in Karora's publicly disclosed documents available on SEDAR+.

In addition to the risk factors relating to the Arrangement, Karora Shareholders should also carefully consider the risk factors associated with the businesses of Karora, Westgold and SpinCo included in this Circular and in the documents incorporated by reference herein, including the risks found in Appendix L of this Circular. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

See "*Part 3 – Cautionary Statement Regarding Forward-Looking Information*" and "*Part 16 – Risks Factors Relating to the Arrangement*" of this Circular.

Procedure for Receipt of Consideration

Each person who is a Registered Karora Shareholder immediately prior to the Effective Time must forward a properly completed and signed Letter of Transmittal, along with the accompanying Karora Share certificates or a DRS Advice representing Karora Shares, if applicable, and such other documents as the Depositary may require, to the Depositary in order to receive the aggregate Consideration to which such Karora Shareholder is entitled under the Arrangement.

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Karora Shareholder on the Record Date. It is recommended that Registered Karora Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Karora Share certificates or a DRS Advice representing Karora Shares, if applicable, to the Depositary as soon as possible.

Karora Shareholders whose Karora Shares are registered in the name of a nominee (bank, trust company, securities broker or other nominee) should contact that nominee for assistance in depositing their Karora Shares.

To the extent a Karora Shareholder has not deposited the Transmittal Documents with the Depositary on or before the date that is six years after the Effective Date, then the Consideration that such Karora Shareholder was otherwise entitled to receive under the Arrangement may be cancelled without any repayment of capital in respect thereof, and the interest of such Karora Shareholder in such Consideration will be terminated.

See "Part 17 – Procedure for Receipt of Consideration" of this Circular.

Fractional Shares and Rounding of Cash Consideration

No fractional Westgold Shares or SpinCo Shares shall be issued to Participating Former Karora Shareholders. The number of Westgold Shares or SpinCo Shares to be issued to Participating Former Karora Shareholders shall be rounded down to the nearest whole Westgold Share or SpinCo Share, as applicable, in the event a Participating Former Karora Shareholder is entitled to a fractional share representing less than a whole Westgold Share or SpinCo Share, as applicable. No Participating Former Karora Shareholder shall be entitled to any compensation in respect of a fractional Westgold Share or SpinCo Share.

In addition, if the aggregate Cash Consideration which a Participating Former Karora Shareholder is entitled to receive pursuant to the Plan of Arrangement would otherwise include a fraction of \$0.01, then the aggregate cash amount which such Participating Former Karora Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole \$0.01.

Withholding Rights

Westgold, Karora, AcquireCo, SpinCo the Depositary and their respective agents, as applicable, shall be entitled to deduct and withhold from any Consideration payable or otherwise deliverable to any Karora Shareholder or any other person under this Plan of Arrangement (including any payment to Dissenting Shareholders and holders of Karora Options, Karora PSUs, Karora DSUs and Karora RSUs) such Taxes or other amounts as Westgold, Karora, AcquireCo, SpinCo, the Depositary or their respective agents, as the case may be, may reasonably determine is required to be deducted or withheld with respect to such payment under the Tax Act, the U.S. Tax Code, the Australian Tax Act or any provision of Laws in respect of Taxes. For such purposes, all such deducted or withheld amounts shall be treated as having been paid to the person in respect of which such deduction or withholding was made on account of the obligation to make payment to such person thereunder, provided that such deducted or withheld amounts are timely remitted to the appropriate Governmental Entity by or on behalf of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be. To the extent that the amount so required to be deducted or withheld from any payment to a Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs exceeds the cash component, if any, of the amount otherwise payable, subject to the prior approval of Westgold, any of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, are authorized to sell or otherwise dispose of such portion of the Share Consideration or other Westgold securities, as applicable, issuable as is necessary to provide sufficient funds to Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, to enable it to comply with all deduction or withholding requirements applicable, and Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, shall remit the applicable portion of the net proceeds of such sale (after deduction of all fees, commissions or costs in respect of such sale) to the appropriate Governmental Entity and shall remit to such Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs any unapplied balance of the net proceeds of such sale. Any sale will be made in accordance with applicable Laws and at prevailing market prices and none of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, shall be under any obligation to obtain a particular price, or indemnify any Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs in respect of a particular price, for the portion of the Share Consideration or other Westgold securities, as applicable, so sold.

Effects of the Arrangement on Karora Shareholders' Rights

The rights of Karora Shareholders are governed by the CBCA and by Karora's articles and by-laws. Following the Arrangement, Karora Shareholders who receive Westgold Shares as part of the Arrangement will become Westgold Shareholders and as such their rights will be governed by the Corporations Act, the ASX Listing Rules, and by the Westgold Constitution. **The rights of a shareholder of an Australian corporation differ from the rights of a shareholder of a CBCA corporation. See Appendix K of this Circular for a summary comparison of the rights of Karora Shareholders and Westgold Shareholders.** Karora Shareholders are encouraged to consult with their legal advisors for greater detail with respect to these differences.

For personal use only

Karora Shareholders receiving SpinCo Shares under the Arrangement will become shareholders of SpinCo. SpinCo is incorporated under the Laws of the Province of Ontario. The rights of Karora Shareholders are governed by the CBCA and by Karora's articles and by-laws. Following the Arrangement, Karora Shareholders who receive SpinCo Shares as part of the Arrangement will become shareholders of SpinCo and as such their rights will be governed by the OBCA and SpinCo's articles and by-laws. **The rights of a shareholder of an OBCA corporation differ from the rights of a shareholder of a CBCA corporation.** Karora Shareholders are encouraged to consult with their legal advisors for greater detail with respect to these differences.

Certain Canadian Federal Income Tax Considerations

For a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Karora Shareholders in connection with the Arrangement, see "*Part 18 – Certain Canadian Federal Income Tax Considerations*" of this Circular.

The summary at "*Part 18 – Certain Canadian Federal Income Tax Considerations*" of this Circular is not intended to be legal or tax advice to any particular Karora Shareholder. Accordingly, Karora Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.

Certain United States Federal Income Tax Considerations

For a summary of certain material U.S. federal income tax consequences of the Arrangement applicable to a U.S. Holder, see "*Part 19 – Certain United States Federal Income Tax Considerations*" of this Circular. Such summary is not intended to be legal or tax advice to any particular Karora Shareholder. Karora Shareholders should consult their own tax advisors with respect to their particular circumstances.

For personal use only

PART 5. GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by management of the Corporation of proxies to be used at the Meeting on July 19, 2024 at 10:00 a.m. (Toronto time) at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario M5X 1A4, and at all postponements or adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the "Notice of Meeting"). It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation has retained Morrow Sodali to solicit proxies at a fee of up to \$50,000, plus out-of-pocket expenses. The total cost of the solicitation will be borne directly by the Corporation.

Karora may utilize the Broadridge QuickVote™ service to assist NOBOs with voting their Karora Shares. NOBOs may be contacted by Morrow Sodali, which is soliciting proxies on behalf of the Karora's management, to obtain voting instructions over the telephone, and relaying them to Broadridge (on behalf of the Karora Shareholder's intermediary). While representatives of Morrow Sodali are soliciting proxies on behalf of Karora's management, Karora Shareholders are not required to vote in the manner recommended by the Karora Board. The QuickVote™ system is intended to assist Karora Shareholders in exercising their votes; however, Karora Shareholders are not obligated to vote using the QuickVote™ system, and a Karora Shareholder may vote (or change or revoke their votes) at any other time and in any other applicable manner described in this Circular. Any voting instructions provided by a Karora Shareholder will be recorded and such Karora Shareholder will receive a letter from Broadridge (on behalf of the Karora Shareholder's intermediary) as confirmation that their voting instructions have been accepted.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

Appointment and Revocation of Proxies

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Voting instructions for Non-Registered Karora Shareholders are set forth below under the heading "*Advice to Non-Registered Karora Shareholders*".

The purpose of a proxy is to designate persons who will vote the proxy on a Registered Karora Shareholder's behalf in accordance with the instructions given by the Registered Karora Shareholder in the proxy. The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Registered Karora Shareholder has the right to appoint a person (who need not be a Karora Shareholder) other than the persons specified in such form of proxy to attend and act on behalf of such Registered Karora Shareholder at the Meeting.** Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the manner set forth in the form of proxy. Such Registered Karora Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy, and should provide instruction to the nominee on how the Registered Karora Shareholder's Karora Shares should be voted. The nominee should bring personal identification to the Meeting.

If you are a Registered Karora Shareholder, desiring to be represented at the Meeting by proxy, you must deposit your form of proxy with the Corporation's registrar and transfer agent, Computershare Investor Services Inc. as follows:

- 1) by signing and returning the applicable enclosed proxy form by mail appointing the named persons (or some other person you choose, who need not be a Karora Shareholder) to represent you as proxyholder and vote your Karora Shares at the Meeting;
- 2) via telephone by dialing 1-866-732-VOTE (8683) toll free from a touch tone telephone; or
- 3) via the internet at www.investorvote.com.

Proxies must be received by 10:00 a.m. (Toronto time) on July 17, 2024. The Corporation may refuse to recognize any instrument of proxy deposited in writing, by telephone or by the internet received later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Ontario) prior to the Meeting or any adjournment thereof. The deadline for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

A Karora Shareholder who has given a proxy may revoke it (i) by depositing an instrument in writing, including another completed form of proxy, executed by such Karora Shareholder or Karora Shareholder's attorney authorized in writing either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting or any adjournment or postponement thereof, or (ii) in any other manner permitted by law.

Exercise of Discretion

Karora Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Registered Karora Shareholder on any ballot that may be called for.

If the Karora Shareholder specifies a choice with respect to any matter to be acted upon, the Karora Shares will be voted accordingly. **In the absence of any such specifications, such Karora Shares will be voted FOR each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

The time limit for the deposit of proxies may be waived or extended by the Chair at his discretion, without notice.

Advice to Non-Registered Karora Shareholders

The information set forth in this section is of significant importance to many holders of Karora Shares, as a substantial number of Karora Shareholders do not hold Karora Shares in their own name. Beneficial owners of Karora Shares who are not Registered Karora Shareholders ("**Non-Registered Karora Shareholders**") should note that only proxies deposited by Registered Karora Shareholders can be recognized and acted upon at the Meeting. If Karora Shares are listed in an account statement provided to a Karora Shareholder by a broker, then, in almost all cases, those Karora Shares will not be registered in the Karora Shareholder's name on the records of the Corporation. Such Karora Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. More particularly, a person is a Non-Registered Karora Shareholders in respect of Karora Shares which are held on behalf of that person but which are registered either: (i) in the name of an intermediary that the Non-Registered Karora Shareholders deals with in respect of the Karora Shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")), of which the intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Karora Shares held by brokers or their nominees can only be voted upon the instructions of the Non-Registered Karora Shareholder. Without specific voting instructions, brokers and their nominees are prohibited from voting Karora Shares held for Non-Registered Karora Shareholders. **Therefore, Non-Registered Karora Shareholders should ensure that instructions respecting the voting of their Karora Shares are communicated to the appropriate person or that the Karora Shares are duly registered in their name.**

Applicable Canadian securities regulatory policy requires intermediaries/brokers to seek voting instructions from Non-Registered Karora Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Karora Shareholders in order to ensure that their Karora Shares are voted at the Meeting.

In Canada, the majority of brokers now delegate responsibility for obtaining voting instructions from Non-Registered Karora Shareholders to Broadridge Investor Communication Solutions ("**Broadridge**"). Broadridge typically supplies

a voting instruction form ("VIF") and asks Non-Registered Karora Shareholders to return the completed forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Karora Shares to be represented at the Meeting. **A Non-Registered Karora Shareholder receiving such a form from Broadridge cannot use that form to vote Karora Shares directly at the Meeting. The form must be returned to Broadridge well in advance of the Meeting in order to have the Karora Shares voted.**

A Non-Registered Karora Shareholder who wishes to attend the Meeting and vote in person may write the name of the Non-Registered Karora Shareholder in the place provided for that purpose on the VIF. **A Non-Registered Karora Shareholder also has the right to appoint a person or company other than the persons designated in the Proxy, who need not be a Karora Shareholder, to attend the Meeting and act on behalf of the Non-Registered Karora Shareholder.** Unless prohibited by law, the person whose name is written in the space provided in the VIF will be appointed as proxy holder for the Non-Registered Karora Shareholder and will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in the VIF or this Circular. A Non-Registered Karora Shareholder should consult a legal advisor if the Non-Registered Karora Shareholder wishes to modify the authority of the person to be appointed as proxy holder in any way.

If you have any questions or require assistance in voting your proxy or voting instruction form, please contact our proxy solicitation agent, Morrow Sodali, at 1-888-999-2602 toll free in North America, or call collect outside North America at 1-289-695-3075 or by email at assistance@morrow sodali.com.

Voting Matters

The following chart describes the proposals to be considered at the Meeting, the voting options and the vote required for each matter:

Matter	Voting Options	Required Vote
Arrangement Resolution	For; Against	(a) at least two-thirds (66⅔%) of the votes cast at the Meeting by Karora Shareholders; and (b) at least a majority (50% + 1) of the votes cast at the Meeting by Karora Shareholders, after excluding the votes cast by persons whose votes may not be included in determining minority approval pursuant to MI 61-101.
SpinCo Omnibus Share Incentive Plan Resolution	For; Against	At least a majority (50% + 1) of votes cast at the Meeting by Karora Shareholders.
Election of Directors	For; Against	At least a majority (50% + 1) of votes cast at the Meeting by Karora Shareholders to elect each nominee to the Karora Board.
Appointment of Auditors	For; Withhold	Plurality of votes – the auditors receiving the highest number of votes cast at the Meeting by Karora Shareholders present in person or by proxy will be appointed.

PART 6. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Record Date and Voting Securities

The record date for the determination of Karora Shareholders entitled to receive the Notice of Meeting has been fixed as June 13, 2024 (the "**Record Date**"). Only Karora Shareholders of record at the close of business on the Record Date who either attend the Meeting in person or complete, sign and deliver a VIF or applicable form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Karora Shares voted at the Meeting. A quorum for the transaction of business at the Meeting is the presence of two person who hold, or who

For personal use only

represent by proxy one or more Karora Shareholders who hold, in the aggregate, at least 10% of the issued and outstanding Karora Shares entitled to be voted at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Karora Shares and an unlimited number of special shares, issuable in series. As of the Record Date, the Corporation had an aggregate of 178,766,589 Karora Shares outstanding, and no special shares outstanding. Each Karora Share carries the right to one vote per Karora Share with respect to all matters to be voted on at the Meeting. No cumulative rights are authorized, and dissenters' rights are not applicable to the matters being voted upon, except for the Arrangement Resolution.

Principal Holders of Karora Shares

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

PART 7. THE ARRANGEMENT

At the Meeting, Karora Shareholders will be asked to consider, and, if determined advisable, to pass, the Arrangement Resolution to approve the Arrangement under the CBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed under Karora's issuer profile on SEDAR+ at www.sedarplus.ca, and the Plan of Arrangement, which is attached to this Circular as Appendix D.

A copy of the Arrangement Resolution is set out in Appendix B of this Circular. The Arrangement is also subject to certain other conditions, including the approval of the Court.

Unless otherwise directed, it is Karora Management's intention to vote FOR the Arrangement Resolution. If you do not specify how you want your Karora Shares voted, the persons named as proxyholders in the proxy forms that accompany this Circular will cast the votes represented by your proxy at the Meeting FOR the Arrangement Resolution.

The Arrangement will take effect commencing at the Effective Time, which will be at 12:01 a.m. (Toronto time) on the Effective Date. If the Arrangement Resolution is approved at the Meeting and all other required approvals (including the Final Order) and conditions to the completion of the Arrangement are satisfied or waived, the Effective Date is expected to occur in July of 2024. In no event shall the Effective Date be later than September 30, 2024, unless otherwise agreed to between Karora and Westgold, provided that if the Effective Date has not occurred by September 30, 2024 as a result of the failure to obtain the FIRB Approval, then either Westgold or Karora may elect to extend such date by up to 60 days subject to the terms of the Arrangement Agreement. On the Effective Date, upon completion of the Arrangement, Karora and Westgold will publicly announce that the Arrangement has been implemented.

Background to the Arrangement

The execution of the Arrangement Agreement was the result of the arm's length negotiations, conducted on the basis of a merger of equals among representatives and legal and financial advisors of Karora and Westgold. The following is a summary of the material events which led to the negotiations of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the parties that preceded the execution and public announcement of the Arrangement Agreement.

Both Westgold's and Karora's management teams regularly consider and investigate opportunities to enhance value for their respective shareholders, including monitoring the activities and assets of various industry participants in order to identify possible strategic transactions. Accordingly, each of Westgold and Karora had general knowledge of each other's operations and assets.

Although Karora did not conduct a formal sales process, Karora has from time to time been in dialogue with counterparties over the past twelve months with respect to a range of possible value enhancing transactions, including financings, acquisitions and mergers.

On January 15, 2024, Karora received a non-binding offer letter from a third party proposing a combination transaction (the "**First Proposal**"). Following receipt of the First Proposal, the Karora Board determined that it would be in the best interests of the Corporation to establish a committee of the Karora Board comprised of independent directors Mr. Peter Goudie, Mr. Scott Hand and Ms. Shirley In't Veld (the "**Special Committee**"). The mandate of the Special Committee included the review and evaluation of potential strategic options of Karora, supervision of negotiations regarding the First Proposal and any other proposed transaction, review of the terms of the First Proposal and any proposed transaction, reporting and making recommendations to the Karora Board in respect of the First Proposal and any other proposed transaction.

Following receipt of the First Proposal, letters were exchanged and other communications took place between Karora and the third party regarding, among other things, price and relative valuations, structure, governance, diligence and process. On February 28, 2024 Karora executed a mutual exclusivity agreement providing exclusivity to the third party up to and including March 22, 2024 (the "**February 28 Exclusivity Agreement**").

On March 7, 2024, in response to media reports and speculation, Karora issued a press release noting that it continually assesses strategic options and holds discussions with various industry participants, and confirmed that it was in exclusive discussions with Ramelius Resources Ltd. (ASX: RMS) ("**Ramelius**") regarding a potential business combination. Karora also highlighted that no definitive agreement had been reached and there could be no assurance that any transaction would result from these discussions.

During the period between February 28, 2024 and March 22, 2024, Karora and the third party undertook detailed due diligence regarding the other, negotiated transaction documentation, undertook structuring work, and held continuing discussions, orally, by letter and by email, regarding, among other things, price and relative valuations, governance issues and other matters relating to the First Proposal.

Throughout this period, Karora's management met several times with the Special Committee, along with Karora's external financial and legal advisors, to discuss and obtain direction regarding negotiations and other transaction-related matters and to receive preliminary advice from Karora's financial advisors regarding the terms of the First Proposal, relative valuations, fairness to Karora Shareholders from a financial point of view and other matters.

On March 21, 2024, a revised proposal was submitted to Karora by the third party. The revised proposal reflected an increase in the implied value per Karora Share relative to the First Proposal based on the last closing price of the third party's stock. However, the implied premium per Karora Share had decreased materially as a result of market movements.

On each of March 13 and March 22, 2024, Westgold delivered an unsolicited non-binding offer letter to Karora, under which Westgold offered to acquire all of the issued and outstanding Karora Shares. As the February 28 Exclusivity Agreement was still in effect, Karora was not able to respond to the offer letters.

On March 24, 2024, Westgold delivered to Karora an updated non-binding proposal letter (the "**Westgold Proposal Letter**") that set forth proposed terms pursuant to which Westgold would acquire all of the outstanding Karora Shares.

As the February 28 Exclusivity Agreement had expired, a meeting of the Special Committee was called on March 24, 2024 to consider the Westgold Proposal Letter, which was also attended by Karora Management and Karora's financial advisors. At such meeting, Karora Management summarized the terms of the Westgold Proposal Letter, the Special Committee considered the Westgold Proposal Letter, the potential strategic rationale for a transaction with Westgold, and discussed other strategic alternatives including the First Proposal. The Special Committee also received an update regarding the negotiations with the counterparty regarding the First Proposal, including the results of the site visits.

At the meeting it was also noted the Westgold Proposal Letter remained subject to completion of further detailed due diligence by Westgold and Karora, which Westgold proposed would be undertaken during an exclusivity period requested by Westgold. Following further discussion and consideration, the Special Committee determined that the Westgold Proposal Letter represented a higher value alternative for Karora Shareholders than the First Proposal. The Special Committee recommended that Karora cease discussions with the counterparty under the First Proposal, commence negotiations and discussions of the potential transaction with Westgold, and in this regard, proceed with entering into an exclusivity agreement with Westgold.

On March 26, 2024, Westgold and Karora entered into an exclusivity agreement in respect of the Westgold Proposal Letter. Over the course of the next two weeks, Karora and Westgold's management teams, in conjunction with their respective financial and legal advisors, negotiated the terms of the Arrangement, conducted due diligence and prepared and negotiated the relevant documentation, including the Arrangement Agreement, the Plan of Arrangement, ancillary

agreements and the Karora Voting and Lock-up Agreements. During this period, Karora Management had a number of discussions with members of the Special Committee and the Karora Board, providing updates on the status of the transaction and obtaining their views on a potential transaction with Westgold. On the basis of these views, Karora Management and Karora's financial and legal advisors went back to Westgold with counter proposals on key terms of the proposed transaction.

On April 7, 2024, the Special Committee held a meeting, which was attended by the legal counsel and financial advisors of the Special Committee at the invitation of the Special Committee, to consider the terms of the Arrangement Agreement. At this meeting, Desjardins, financial advisor to the Special Committee, provided a presentation to the Special Committee describing the Arrangement, the work undertaken by Desjardins, and outlining Desjardins' approach to assessing fairness, analyses performed, and other transaction considerations, as well as the overall scope of review. Following discussion on the presentation, Desjardins delivered its oral opinion to the Special Committee that, on the basis of the assumptions, limitations and qualifications to be set forth in the Desjardins Fairness Opinion, as of the date of the Desjardins Fairness Opinion, the Consideration to be received by Karora Shareholders in respect of the Arrangement, was fair, from a financial point of view, to the Karora Shareholders. The members of the Special Committee were given the opportunity to ask Desjardins and Karora's legal advisors questions. Following consideration of a number of factors, including the terms of the transaction with Westgold, and relying on financial and legal advisors and discussions with management and their review of the Desjardins Fairness Opinion, the Special Committee resolved to accept the oral fairness opinion received from Desjardins and approved a unanimous recommendation to the Karora Board that, subject to the outstanding matters on the Arrangement Agreement being resolved on acceptable terms, Karora enter into the Arrangement Agreement with Westgold and, in particular, made the following recommendations to the Karora Board that:

- the Arrangement was in the best interest of Karora and fair to the Karora Shareholders;
- the Arrangement Agreement and the Plan of Arrangement contemplated therein be unanimously approved; and
- the Karora Board unanimously recommend that the Karora Shareholders approve the Arrangement and vote in favour of the resolution approving the Arrangement.

Later on April 7, 2024, following the Special Committee meeting, a meeting of the Karora Board was called which was attended by the legal counsel and financial advisors of Karora at the invitation of the Karora Board (the "**April 7, 2024 Meeting**"). At the April 7, 2024 Meeting, legal counsel and Karora Management provided an update regarding certain outstanding items that would need to be resolved prior to settling the definitive Arrangement Agreement with Westgold, including: (i) the reconfirmation of the exchange ratio for the Westgold Share Consideration; (ii) receipt of definitive Karora Voting and Lock-up Agreements from all of the Karora directors and senior officers and certain other significant Karora Shareholders; and (iii) confirmation of certain of the conditions contained in the Arrangement Agreement. At the meeting, the Special Committee provided its unanimous recommendation to the Karora Board that, subject to the outstanding matters on the Arrangement Agreement being resolved on acceptable terms, Karora enter into the Arrangement Agreement with Westgold. Then, Cormark, financial advisor to Karora, gave a detailed presentation to the Karora Board which concluded with Cormark orally advising that, on the basis of the assumptions, limitations and qualifications to be set forth in the Cormark Fairness Opinion, as of the date of the Cormark Fairness Opinion, the Consideration to be received by Karora Shareholders in respect of the Arrangement, was fair, from a financial point of view, to the Karora Shareholders.

In light of the recommendation of the Special Committee and those factors discussed under the heading "*The Arrangement – Reasons for the Recommendation of the Karora Board*", and following further discussion, the Karora Board resolved and determined: (i) to accept the oral fairness opinion received from Cormark that the Consideration was fair, from a financial point of view, to the Karora Shareholders; (ii) that the Arrangement was in the best interest of Karora and fair to the Karora Shareholders; (iii) that Karora enter into the Arrangement Agreement with Westgold, subject to the finalization of any outstanding items on acceptable terms, and that Karora perform its obligations thereunder; (iv) that the Karora Shareholders be asked to consider, and, if thought advisable, approve, the Arrangement Resolution; and (v) to unanimously recommend that Karora Shareholders vote in favour of the Arrangement Resolution.

The oral opinions were subsequently confirmed by delivery of the written Desjardins Fairness Opinion and the written Cormark Fairness Opinion. Haywood delivered the written Haywood Fairness Opinion. The Special Committee reviewed and accepted the Desjardins Fairness Opinion, and the Karora Board reviewed and accepted the Haywood Fairness Opinion and the Cormark Fairness Opinion.

In the hours following the April 7, 2024 Meeting, representatives of Westgold and Karora, along with their respective legal advisors, engaged in continued discussions and negotiations regarding the terms of the Arrangement Agreement, and were able to resolve the outstanding matters on acceptable terms (including the receipt of definitive Karora Voting and Lock-up Agreements from all of the Karora directors and senior officers and certain Karora Shareholders), which ultimately resulted in Westgold and Karora executing the Arrangement Agreement in the morning of April 8, 2024. Karora and Westgold subsequently issued a joint press release announcing that the parties had entered into the Arrangement Agreement, and, on April 8, 2024, a joint conference call with Karora was hosted by Westgold.

On May 29, 2024, the Australian Takeovers Panel (the "**Panel**") announced that it had received an application from Ramelius in relation to the affairs of Westgold and certain matters relating to the Arrangement Agreement, including among other things, the applicant submitting that (i) the Termination Fee payable by Westgold exceeds Panel guidance and (ii) the existing standstill provisions contained in a mutual confidentiality deed between Ramelius and Westgold together with the terms of the Arrangement Agreement act as an unacceptable lock up device in respect of Westgold. At this stage, no decision has been made by the Panel in respect of the application submitted by Ramelius.

Since signing the Arrangement Agreement, Karora has received an unsolicited, written Acquisition Proposal, which was subsequently revised, from another third party (collectively, the "**Subsequent Proposals**") which provide for the acquisition of all of the outstanding Karora Shares pursuant to a plan of arrangement for consideration consisting of cash and SpinCo Shares. Each of the Subsequent Proposals are non-binding and conditional on due diligence access and certain other conditions.

In the course of reviewing the Subsequent Proposals, the Karora Board authorized the Special Committee to determine, with the assistance of independent legal and financial advisors, whether either of the Subsequent Proposals constitutes or would reasonably be expected to constitute a Superior Proposal and to report to the Karora Board as to its determinations and its recommendations as to an appropriate response to each of the Subsequent Proposals.

After meeting several times and careful consideration and full discussion, including a thorough review of the terms of the Subsequent Proposals, the advice of its financial advisors, Cormark and CIBC, and its legal advisors, and other relevant matters, the Special Committee unanimously concluded that each of the Subsequent Proposals would not reasonably be expected to constitute a Superior Proposal and recommended in each case to the Karora Board that the Karora Board determine that the relevant Subsequent Proposal would not reasonably be expected to constitute a Superior Proposal.

After receiving advice from its financial advisors, Cormark and CIBC, and its legal advisors, and considering the unanimous recommendation of the Special Committee, and its own assessment of the Subsequent Proposals and the interests of Karora Shareholders, the Karora Board unanimously determined that each of the Subsequent Proposals would not reasonably be expected to constitute a Superior Proposal.

Among the reasons that the Karora Board and the Special Committee considered in reaching the conclusion that each of the Subsequent Proposals would not reasonably be expected to constitute a Superior Proposal were the following:

- *Each of the Subsequent Proposals was not a "Superior Proposal".* The Karora Board and Special Committee, respectively, determined that, taking into account all of the terms and conditions of each of the Subsequent Proposals, the Subsequent Proposals, if consummated in accordance with their respective terms, would not result in a transaction more favourable to the Karora Shareholders than the Arrangement with Westgold.
- *There is greater potential value upside in the Combined Company under the Arrangement with Westgold.* Karora believes that the Arrangement with Westgold offers an opportunity for the Combined Company to achieve a significant "re-rating" in the market and, consequently, an increase in the market value per share.

As a result, the Karora Board continues to unanimously recommend that Karora Shareholders vote **FOR** the Arrangement Resolution to approve the Arrangement.

Fairness Opinions

Pursuant to the Desjardins Engagement Letter, the Special Committee retained Desjardins to act as an independent financial advisor in connection with the Arrangement, and to provide an independent fairness opinion to evaluate the fairness, from a financial point of view, of the Consideration to be received by Karora Shareholders pursuant to the Arrangement. Pursuant to the terms of the Desjardins Engagement Letter, Desjardins is to be paid a fixed fee for its services, including rendering the Desjardins Fairness Opinion. The fee is not contingent on whether or not the Desjardins Fairness Opinion is favourable or whether the transaction to which the Desjardins Fairness Opinion relates is completed.

Pursuant to the Haywood Engagement Letter, Karora and the Karora Board retained Haywood to act as non-exclusive financial advisor to Karora and provide it with advice regarding the Arrangement. The Karora Board requested that Haywood evaluate the fairness, from a financial point of view, of the Consideration to be received by Karora Shareholders pursuant to the Arrangement. Pursuant to the Haywood Engagement Letter, Haywood is to be paid a fixed fee for delivery to the Karora Board of the Haywood Fairness Opinion (which would be netted against its completion fee in respect of the Arrangement), whether or not the Arrangement is completed, and will be paid a separate completion fee that is contingent upon the completion of the Arrangement. In addition, in the event the Arrangement is not consummated and Karora receives the Termination Fee, Haywood will be entitled to 50% of the completion fee.

Pursuant to the Cormark Engagement Letter, Karora and the Karora Board engaged Cormark to act as non-exclusive financial advisor to Karora and provide it with financial advisory services in connection with the Arrangement. Karora and the Karora Board requested that Cormark provide its opinion as to the fairness, from a financial point of view, of the Consideration to be received by the Karora Shareholders pursuant to the Arrangement. Pursuant to the Cormark Engagement Letter, Cormark was to be paid a fixed fee for delivery to the Karora Board of the Cormark Fairness Opinion that was not contingent in whole or in part on the success or completion of the Arrangement or on the conclusions reached in the Cormark Fairness Opinion and will be paid a separate completion fee that is contingent upon the completion of the Arrangement. In addition, in the event the Arrangement is not consummated and Karora receives the Termination Fee, Cormark will be entitled to 50% of the completion fee.

Pursuant to the CIBC Engagement Letter, Karora and the Karora Board retained CIBC to act as non-exclusive financial advisor to Karora and provide it with advice regarding the Arrangement. CIBC did not, and was not asked to, provide a fairness opinion in respect of the Arrangement. CIBC will be paid a completion fee that is contingent upon the completion of the Arrangement. In addition, in the event the Arrangement is not consummated and Karora receives the Termination Fee, CIBC will be entitled to 50% of the completion fee.

On April 7, 2024, the Special Committee received the oral opinion of Desjardins and the Karora Board received the oral opinion of Cormark to the effect that, as of the date of the Desjardins Fairness Opinion and the Cormark Fairness Opinion, respectively, and subject to the respective assumptions, limitations and qualifications set out therein, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement, is fair, from a financial point of view, to the Karora Shareholders. The oral opinions were subsequently confirmed by delivery of the written Desjardins Fairness Opinion and the written Cormark Fairness Opinion. Haywood delivered the written Haywood Fairness Opinion. The Special Committee reviewed and accepted the Desjardins Fairness Opinion, and the Karora Board reviewed and accepted the Haywood Fairness Opinion and the Cormark Fairness Opinion.

This summary is qualified in its entirety by reference to the full text of the Fairness Opinions. The full text of each of the Fairness Opinions, which sets forth, among other things, the scope of review undertaken, assumptions made, matters considered, procedures followed and limitations and qualifications thereof, is attached as Appendix G, Appendix H and Appendix I to this Circular. Karora Shareholders are urged to, and should, read the Fairness Opinions in their entirety. For more information, see "Part 9 – Desjardins Fairness Opinion", "Part 10 – Haywood Fairness Opinion", and "Part 11 – Cormark Fairness Opinion" of this Circular.

Under the terms of their respective engagements, Karora has agreed to reimburse Desjardins, Haywood, Cormark and CIBC for their reasonable out-of-pocket expenses, whether or not the Arrangement is completed, and to indemnify Desjardins, Haywood, Cormark and CIBC against certain potential liabilities and expenses arising from their engagement.

Subject to the terms of their respective engagements, each of Desjardins, Haywood and Cormark have consented to the inclusion in this Circular of the Desjardins Fairness Opinion, the Haywood Fairness Opinion and the Cormark

Fairness Opinion, respectively, in their entirety, together with the summary herein. The Fairness Opinions were provided to the Special Committee and the Karora Board, as applicable, for their exclusive use only in considering the Arrangement, and may not be relied upon by any other person or for any other purpose or published or disclosed to any other person, without the express written consent of Desjardins, Haywood or Cormark, as applicable. The Fairness Opinions do not address the relative merits of the Arrangement as compared to any other transaction or business strategy in which Karora might engage or the merits of the underlying decision by Karora to engage in the Arrangement. The Fairness Opinions do not and should not be construed as a recommendation to the Karora Board to approve the Arrangement or the Special Committee to recommend the Arrangement, as applicable, nor are they a recommendation to any Karora Shareholder as to how to vote or act at the Meeting or as advice as to the price at which the Karora Shares, the Westgold Shares or the SpinCo Shares may trade or the value of Karora, Westgold or SpinCo (or any of their respective affiliates) or their respective assets, liabilities or securities at any future date.

Recommendation of the Special Committee

The Special Committee, after consultation with its financial advisors and legal counsel and having taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Part 7 – The Arrangement – Reasons for the Arrangement*", has unanimously determined that the Arrangement is in the best interests of Karora and is fair to the Karora Shareholders. Accordingly, the Special Committee unanimously recommended that the Karora Board vote in favour of approving the Arrangement and recommends to Karora Shareholders that they vote **FOR** the Arrangement Resolution.

Recommendation of the Karora Board

The Karora Board, after consultation with its financial advisors and legal counsel and having taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Part 7 – The Arrangement – Reasons for the Arrangement*" and the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of Karora and is fair to the Karora Shareholders. **Accordingly, the Karora Board unanimously recommends that Karora Shareholders vote FOR the Arrangement Resolution.**

Westgold has entered into Karora Voting and Lock-up Agreements with each of Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams, pursuant to which each of the aforementioned individuals has agreed to, among other things, support the Arrangement and to vote any Karora Shares they own in favour of the Arrangement Resolution. All of the directors and officers of Karora intend to vote all of their Karora Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Karora Voting and Lock-up Agreements. In addition, key institutional shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.

Reasons for the Arrangement

The Special Committee and the Karora Board reviewed and considered a significant amount of information and considered a number of factors relating to the Arrangement, with the benefit of advice from Karora Management, and the respective financial advisors and legal advisors of the Special Committee and the Karora Board. **The following is a summary of the principal reasons for the unanimous recommendation of the Special Committee and the Karora Board that Karora Shareholders vote FOR the Arrangement Resolution.**

- **Compelling Value.** Karora Shareholders will receive 2.524 Westgold Shares and \$0.608 in cash for each Karora Share held immediately prior to the Effective Time, in addition to retaining a 100% ownership interest in SpinCo. The Consideration represents a deemed price of approximately \$5.90 per Karora Share based on Westgold's closing price on the ASX of \$2.039 (A\$2.28) on April 5, 2024, being the last trading date prior to the announcement of the Arrangement. The total value of the Consideration to be received by Karora Shareholders represents a premium to the trading value of the Karora Shares prior to the announcement of the Arrangement. On April 5, 2024, being the last trading date prior to the announcement of the Arrangement, the Consideration represented a premium of 10.1% to Karora's last closing price on the TSX of \$5.360, a

18.9% premium to Karora's 20-day VWAP on the TSX of \$4.964 and a 25.3% premium based on Westgold's 20-day VWAP on the ASX of \$2.164 (A\$2.421) and Karora's 20-day VWAP on the TSX of \$4.964.³

- **Meaningful Ownership in a Leading Western Australian Focused Mid-Tier Gold Producer.** As part of the Consideration, Karora Shareholders will receive Westgold Shares. The Combined Company is expected to be a top five Australian gold producer with pro forma market capitalization of approximately A\$2.1 billion (based on the Combined Company's pro forma issued shares and Westgold's closing price of A\$2.26 as at June 17, 2024). The Combined Company is expected to be positioned as one of the largest unhedged Australian gold producers providing investors with full exposure to gold prices following the completion of the Arrangement. The Combined Company is expected to have flexibility and optionality from a combined five mills and 6.9 million tonnes per annum of processing capacity exclusively in Western Australia along with the potential for significant exploration upside through an approximate 3,200km² land package across two Western Australian goldfields. It is expected that upon completion of the Arrangement, existing Westgold Shareholders and former Karora Shareholders will own approximately 50.1% and 49.9%, respectively, of the Combined Company.
- **Diversified Production in a Tier 1 Jurisdiction.** The Combined Company will have increased diversification across four production centres in Western Australia led by Westgold's established management team that has significant experience in Western Australia. Westgold's operating hub model is well-suited to optimize value of Karora's two strategically located mills.
- **Continued Exposure to Karora Assets.** Karora Shareholders, through their ownership of Westgold Shares, will retain exposure to Karora's core assets, including the Beta Hunt Mine and the Higginsville Gold Operations, and to certain other Karora assets through their ownership of SpinCo Shares.
- **Increased Certainty of Value and Immediate Liquidity.** The fact that a portion of the Consideration under the Arrangement will be paid in cash provides Karora Shareholders with increased certainty of value and some immediate liquidity while decreasing exposure to the uncertainties of long-term business and execution risk.
- **Organic Growth Pipeline.** Near-mine and regional-scale exploration opportunities across Karora's assets provides potential to realize resource growth at the Beta Hunt Mine and the Higginsville Gold Operations and creates a strong organic growth pipeline when combined with Westgold's exploration ground in the Murchison region. In addition, the Combined Company will have a platform for future organic growth and optionality over nickel co-production at Karora's Beta Hunt Mine.
- **Targeting Material Synergies to Drive Substantial Value Creation.** The completion of the Arrangement has the potential to deliver synergies, including: cost savings through the optionality provided by Westgold's existing mining and drilling fleet paired with Karora's newly purchased equipment; the ability to leverage the combined in-house expertise to efficiently progress projects towards production, such as Karora's Spargos Reward Gold Mine; and an increased platform to attract and retain talent as a larger and more significant Western Australian employer.
- **Strong Financial Resources.** The Combined Company is expected to have financial resources of approximately A\$160 million, comprised of Westgold's existing corporate revolving facility (subject to requisite consents), existing cash and marketable securities and the acquired Karora cash and equivalents; and following payment of the cash consideration to Karora Shareholders, deduction of the cash retained in SpinCo, repayment of the existing Karora Senior Facility, payment of any landholder duty and payment of other transaction costs. The Combined Company will be positioned to benefit from a strong combined forecast free cashflow profile, which provides a strong financial platform to continue investing in organic

³ Based on AUD:CAD 0.8941 on April 5, 2024. Based on the Combined Company's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of \$2.039 (A\$2.28) as at April 5, 2024.

growth opportunities while enhancing Westgold's dividend policy due to the increased production and cash flow generation from Karora's assets.

- **Enhanced Capital Markets Profile and Trading Liquidity.** Upon completion of the Arrangement, it is proposed that the Combined Company will be listed on both the ASX and the TSX, providing it with greater exposure to capital markets than is currently available to Karora. The Combined Company, being a larger, ASX and TSX dual-listed gold producer, will enjoy an enhanced profile with an elevated capital markets presence and value proposition to a wider range of global investors. The increased scale and diversity may enhance potential demand from index funds tracking the GDX and GDXJ, among others. Further, the Combined Company has the potential to participate in a re-rating to the peer group valuation of a new set of gold producer peers as well as from anticipated enhanced index buying due to the potential inclusion in the ASX 200 and increased weighting on the GDX.
- **Ownership of SpinCo Shares.** Karora Shareholders, through their ownership of SpinCo Shares, will, subject to receipt of all required regulatory and third party consents and approvals, be able to participate in the upside potential of Kali, an ASX-listed lithium exploration company with assets throughout Western Australia and will retain the right to receive future payments related to the sale of the Dumont property. SpinCo will be managed by an experienced team, led by Paul Huet, Chairman and CEO of Karora, and will be funded with cash on hand of approximately C\$5 million to pursue its strategic growth initiatives.
- **Fairness Opinions.** Desjardins, financial advisor to the Special Committee, and Haywood and Cormark, financial advisors to Karora and the Karora Board, have each provided a fairness opinion to the effect that, as of the date thereof, and subject to the assumptions, limitations and qualifications set out therein, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Karora Shareholders.
- **Support by Directors, Officers and Certain Shareholders of Karora.** All of the directors and officers of Karora have entered into Karora Voting and Lock-up Agreements with Westgold. Under the Karora Voting and Lock-up Agreements, each of the following individuals has agreed to, among other things, support the Arrangement and to vote any Karora Shares they own in favour of the Arrangement Resolution: Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams. In addition, key institutional shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.
- **Reasonable Termination Payment.** The Termination Fee equal to approximately 3.6% of the fully diluted equity value,⁴ which is payable in certain circumstances by Karora or Westgold, is reasonable. In the view of the Karora Board, the Termination Fee would not preclude a third party from potentially making a Superior Proposal to Karora.

In making its determinations and recommendations, the Karora Board also observed that a number of procedural safeguards were in place and present to permit the Karora Board to protect the interests of Karora, Karora Shareholders and other Karora stakeholders. These procedural safeguards include, among others:

- **Ability to Respond to Unsolicited Superior Proposals.** Under the terms of the Arrangement Agreement, the Karora Board is able to respond to any unsolicited *bona fide* written proposal that, having regard to all of the terms and conditions of such proposal, constitutes or would reasonably be expected to constitute a Superior Proposal.

⁴ Based on AUD:CAD of 0.8941 on April 5, 2024. Based on the Combined Company's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of \$2.039 (A\$2.28) as at April 5, 2024.

- **Negotiated Transaction.** The Arrangement Agreement is the result of an arm's length negotiation process, negotiated on the basis of a merger of equals, with Karora having retained and received advice from its financial advisors and legal counsel.
- **Shareholder Approval.** In order to become effective, the Arrangement must first have received the Karora Shareholder Approval at the Meeting.
- **Court Approval.** In order to become effective, the Arrangement must be approved by the Court, which will consider, among other things, the substantive and procedural fairness and reasonableness of the Arrangement to Karora Shareholders.
- **Dissent Rights.** The Interim Order provides that a Registered Karora Shareholder may, upon strict compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive the fair value of their Karora Shares in accordance with the Plan of Arrangement.

In making its determinations and recommendations with respect to the Arrangement, the Karora Board also considered a number of potential risks and potential negative factors, which the Karora Board concluded were outweighed by the positive substantive and procedural factors of the Arrangement described above, including the following:

- **Integration Challenges.** The challenges inherent in combining two businesses of the size, diversity and complexity of Karora and Westgold.
- **Diversion of Management Attention.** The potential risk of diverting management's attention and resources from the operation of Karora's business, including other strategic opportunities and operational matters, in the short-term, while working toward the completion of the Arrangement.
- **Impact on Karora's Relationships.** The potential negative effect of the Arrangement on Karora's business, including its relationships with employees, suppliers, and communities in which it operates.
- **Limitations on Operation of Business during Interim Period.** The restrictions on the conduct of Karora's business prior to the completion of the Arrangement, which could delay or prevent Karora from undertaking business opportunities that may arise pending completion of the Arrangement.
- **Retention of Key Personnel.** The potential adverse impact that business uncertainty pending the completion of the Arrangement could have on Karora's ability to attract, retain and motivate key personnel until the completion of the Arrangement.
- **Risk of Non-Completion.** The risk that the Arrangement may not be completed despite Karora and Westgold's efforts or that completion of the Arrangement may be unduly delayed, even if the Karora Shareholder Approval is obtained, including the possibility that conditions to Karora and Westgold's obligations to complete the Arrangement may not be satisfied, and the potential resulting negative impact this could have upon Karora's business.
- **Limitations on Solicitation of Alternative Transactions.** The limitations contained in the Arrangement Agreement on Karora's ability to solicit additional interest from third parties, given the deal protections in the Arrangement Agreement, as well as the fact that if the Arrangement Agreement is terminated under certain circumstances, Karora will be required to pay the Termination Fee to Westgold.
- **Difficulty of Negotiating an Alternative Transaction if the Arrangement Agreement is Terminated.** The fact that if the Arrangement Agreement is terminated and Karora decides to seek another transaction or business combination, it may be unable to find a party willing to pay greater or equivalent value compared to the Consideration being provided to the Karora Shareholders under the Arrangement.

- **Risks related to Regulatory Approvals.** The risk that the Court and regulatory agencies may not approve the Arrangement or may impose terms and conditions on their approvals that may adversely affect the business and financial results of the Combined Company.
- **Transaction Costs.** The fact that Karora has incurred and will continue to incur significant transaction costs and expenses in connection with the Arrangement, regardless of whether the Arrangement is completed.
- **Enforcement Risk.** Judgment against Westgold in Canada for breach of the Arrangement Agreement may be difficult to enforce against Westgold's assets outside of Canada.

The foregoing summary of the information considered by the Karora Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Karora Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations.

The Karora Board's reasons for recommending the Arrangement include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Part 3 – Cautionary Statement Regarding Forward-Looking Information*" and "*Part 16 – Risk Factors Relating to the Arrangement*" of this Circular.

Arrangement Mechanics

Prior to the Effective Date, (i) Karora and SpinCo will enter into the SpinCo Contribution Agreement, (ii) SpinCo and all applicable direct and indirect subsidiaries of Karora will enter into all agreements required to transfer those Transferred Assets held by any applicable direct or indirect subsidiary of Karora to SpinCo at the Effective Time and (iii) Karora, SpinCo, and all applicable direct and indirect subsidiaries of Karora will enter into all agreements required to transfer or issue to Karora all SpinCo Distribution Shares not otherwise acquired by Karora.

In addition, on the Effective Date, immediately prior to the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality (but not as part of the Arrangement):

- (a) all of the Karora Shares to be issued on the Effective Date in connection with the exercise of outstanding Karora Options by the holders thereof shall be issued and the name of each such former holder of an exercised Karora Option shall be entered into the central securities register of Karora, but no such former holder shall be entitled to a certificate or DRS representing the Karora Shares issued upon exercise of such holder's Karora Options; and
- (b) all of the Karora Shares to be issued on the Effective Date in connection with the surrender and cancellation or redemption of the Karora DSUs, Karora PSUs and Karora RSUs in accordance with the terms of Karora Plan and the Arrangement Agreement shall be issued and the name of each such former holder of a surrendered and cancelled or redeemed Karora DSU, Karora PSU or Karora RSU shall be entered into the central securities register of Karora, but no such former holder shall be entitled to a certificate or DRS representing the Karora Shares issued upon the surrender and cancellation or redemption of such holder's Karora DSUs, Karora PSUs or Karora RSUs.

Under the Plan of Arrangement, the following steps shall occur and shall be deemed to occur sequentially in the following order, without any further authorization, act or formality:

- (a) each Karora Share held by a Dissenting Shareholder will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to AcquireCo and AcquireCo will thereupon be obliged to pay the amount therefor determined and payable in accordance with the Plan of Arrangement and: (i) the name of such holder will be removed from the central securities register as a holder of Karora Shares and such Karora Shares will be cancelled and cease to be outstanding; and (ii) such Dissenting Shareholders will cease to have any rights as Karora Shareholders other than the right to be paid the fair value for their Karora Shares by Karora;

- For personal use only
- (b) the transactions contemplated by (i) the SpinCo Contribution Agreement, and (ii) all agreements (if any) required to transfer those Transferred Assets held by any applicable direct or indirect subsidiary of Karora to SpinCo at the Effective Time, will become effective, and pursuant thereto Karora, or its applicable direct or indirect subsidiaries, will or will cause to be transferred, assigned and conveyed to SpinCo the Transferred Assets and SpinCo will accept and assume the Transferee Liabilities and issue or transfer to Karora and its applicable direct or indirect subsidiaries the SpinCo Distribution Shares and such other applicable securities, properties, rights, liabilities or interests described in each applicable agreement and Karora and each applicable direct or indirect subsidiary of Karora receiving SpinCo Distribution Shares shall be entered into the register of SpinCo Shares maintained by or on behalf of SpinCo as a registered holder of such SpinCo Distribution Shares;
 - (c) the transactions contemplated by those agreements (if any) entered into by Karora, its direct or indirect subsidiaries and SpinCo to transfer or issue to Karora all SpinCo Distribution Shares not otherwise acquired by Karora pursuant to paragraph (b) above will become effective, and pursuant thereto Karora will be issued or transferred all SpinCo Distribution Shares not otherwise acquired by Karora pursuant to paragraph (b) above for that consideration set out in each applicable agreement, each direct or indirect subsidiary of Karora will transfer such SpinCo Distribution Shares acquired pursuant to paragraph (b) (if any) to Karora and, SpinCo will issue to Karora any SpinCo Distribution Shares not previously issued to Karora or its applicable direct or indirect subsidiaries pursuant to paragraph (b) above (if any) and Karora shall be entered into the register of SpinCo Shares maintained by or on behalf of SpinCo as a registered holder of such SpinCo Distribution Shares so transferred or issued and the name of each direct or indirect subsidiary of Karora that acquired SpinCo Distribution Shares pursuant to paragraph (b) above shall be removed from the register of holders of SpinCo Shares maintained by or on behalf of Karora;
 - (d) the authorized share capital of Karora will be amended by the creation of an unlimited number of Karora Class A Shares, of which an unlimited number of shares may be issued, and the articles of Karora will be deemed to be amended accordingly;
 - (e) Karora will undertake a reorganization of capital within the meaning of section 86 of the Tax Act, pursuant to which each Karora Share held by the Participating Former Karora Shareholders (including, for the avoidance of doubt, any Karora Shares issued to holders of Karora Options, Karora RSUs, Karora PSUs and Karora DSUs pursuant to the pre-Arrangement steps contemplated by the Plan of Arrangement, but excluding any Karora Shares that are held by Westgold or its affiliates, if any, and any Karora Shares that are cancelled pursuant to paragraph (a) above) will be, and will be deemed to be, transferred to Karora (free and clear of any liens, claims and encumbrances) in exchange for one Karora Class A Share and a Fractional SpinCo Share, and such Karora Shares will thereupon be cancelled, and:
 - 1. the Participating Former Karora Shareholders shall cease to be the holders thereof and to have any rights or privileges as holders of such Karora Shares;
 - 2. the Participating Former Karora Shareholders' names shall be removed from the register of holders of Karora Shares maintained by or on behalf of Karora;
 - 3. each Participating Former Karora Shareholder shall be deemed to be the holder of that number of Karora Class A Shares and that number of SpinCo Shares as rounded down pursuant to paragraph (a) above (in each case, free and clear of any liens, claims and encumbrances) received in exchange for their Karora Shares and shall be entered in the registers of holders of Karora Class A Shares and SpinCo Shares, as the case may be, as the registered holder thereof;
 - 4. Karora shall be removed from the register of holders of SpinCo Shares in respect of those Fractional SpinCo Shares transferred to the Participating Former Karora Shareholders; and

5. the stated capital account maintained by Karora in respect of the Karora Shares shall be reduced by an amount equivalent to the aggregate paid-up capital (as determined for purposes of the Tax Act) attributable to the Karora Shares exchanged pursuant to the Plan of Arrangement immediately prior to their exchange, and there shall be added to the stated capital account maintained by Karora in respect of the Karora Class A Shares, the amount by which the aggregate paid-up capital attributable to the Karora Shares exchanged pursuant to the Plan of Arrangement immediately prior to the exchange exceeds the fair market value of the SpinCo Shares distributed by Karora to the Participating Former Karora Shareholders on such exchange;
- (f) the Initial SpinCo Share held by Karora will be cancelled without any repayment therefor, and Karora shall be removed from SpinCo's register of holders of SpinCo Shares;
 - (g) each Participating Former Karora Shareholder will transfer, and will be deemed to have transferred, to AcquireCo, without any further act or formality by such Participating Former Karora Shareholder, free and clear of all liens, claims and encumbrances, each Karora Class A Share held by such Participating Former Karora Shareholder in exchange for the Consideration, and each of Westgold and AcquireCo will be deemed to have directed the Depository to issue and to pay to such Participating Former Karora Shareholder the Consideration to which such Participating Former Karora Shareholder is entitled pursuant to the Plan of Arrangement and upon such exchange:
 1. AcquireCo shall issue to Westgold, as consideration for the issue of the Share Consideration by Westgold, one fully paid and non-assessable AcquireCo Common Share for each such Westgold Share, and the capital account maintained by AcquireCo in respect of the AcquireCo Common Shares shall be increased, in respect of each AcquireCo Common Share issued pursuant to this paragraph (g), by an amount equal to the fair market value of a Westgold Share, and Westgold shall be entered in AcquireCo's central securities register of holders of AcquireCo Common Shares;
 2. each Participating Former Karora Shareholder shall be removed from Karora's central securities register of holders of Karora Class A Shares;
 3. AcquireCo shall be entered in Karora's central securities register of holders of Karora Class A Shares as the legal and beneficial owner of such Karora Class A Shares, free of all liens, claims and encumbrances; and
 4. each Participating Former Karora Shareholder shall be entered in Westgold's register of holders of Westgold Shares in respect of Westgold Shares payable to such Participating Former Karora Shareholder pursuant to this paragraph (g); and
 - (h) the Karora Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect.

At such time following the completion of those transactions described in the foregoing paragraphs, as promptly as possible after all conditions therefor have been met, Karora will file or cause to be filed the prescribed form of election under the Tax Act with the Canada Revenue Agency electing to cease being a public corporation for the purposes of the Tax Act.

See Appendix D of this Circular for a copy of the Plan of Arrangement.

Fractional Shares and Rounding of Cash Consideration

No fractional Westgold Shares or SpinCo Shares shall be issued to Participating Former Karora Shareholders. The number of Westgold Shares or SpinCo Shares to be issued to Participating Former Karora Shareholders shall be rounded down to the nearest whole Westgold Share or SpinCo Share, as applicable, in the event that a Participating Former Karora Shareholder is entitled to a fractional share representing less than a whole Westgold Share or SpinCo

Share, as applicable. No Participating Former Karora Shareholder shall be entitled to any compensation in respect of a fractional Westgold Share or SpinCo Share.

In addition, if the aggregate Cash Consideration which a Participating Former Karora Shareholder is entitled to receive pursuant to the Plan of Arrangement would otherwise include a fraction of \$0.01, then the aggregate cash amount which such Participating Former Karora Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole \$0.01.

Withholding Rights

Westgold, Karora, AcquireCo, SpinCo the Depositary and their respective agents, as applicable, shall be entitled to deduct and withhold from any Consideration payable or otherwise deliverable to any Karora Shareholder or any other person under this Plan of Arrangement (including any payment to Dissenting Shareholders and holders of Karora Options, Karora PSUs, Karora DSUs and Karora RSUs) such Taxes or other amounts as Westgold, Karora, AcquireCo, SpinCo, the Depositary or their respective agents, as the case may be, may reasonably determine is required to be deducted or withheld with respect to such payment under the Tax Act, the U.S. Tax Code, the Australian Tax Act or any provision of Laws in respect of Taxes. For such purposes, all such deducted or withheld amounts shall be treated as having been paid to the person in respect of which such deduction or withholding was made on account of the obligation to make payment to such person thereunder, provided that such deducted or withheld amounts are timely remitted to the appropriate Governmental Entity by or on behalf of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be. To the extent that the amount so required to be deducted or withheld from any payment to a Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs exceeds the cash component, if any, of the amount otherwise payable, subject to the prior approval of Westgold, any of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, are authorized to sell or otherwise dispose of such portion of the Share Consideration or other Westgold securities, as applicable, issuable as is necessary to provide sufficient funds to Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, to enable it to comply with all deduction or withholding requirements applicable, and Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, shall remit the applicable portion of the net proceeds of such sale (after deduction of all fees, commissions or costs in respect of such sale) to the appropriate Governmental Entity and shall remit to such Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs any unapplied balance of the net proceeds of such sale. Any sale will be made in accordance with applicable Laws and at prevailing market prices and none of Westgold, Karora, AcquireCo, the Depositary or their respective agents, as the case may be, shall be under any obligation to obtain a particular price, or indemnify any Karora Shareholder or holder of Karora Options, Karora PSUs, Karora DSUs or Karora RSUs in respect of a particular price, for the portion of the Share Consideration or other Westgold securities, as applicable, so sold.

Spin-off Transaction

Under the Arrangement, pursuant to the Plan of Arrangement, the SpinCo Contribution Agreement and the related agreements contemplated by the SpinCo Contribution Agreement and the Plan of Arrangement, Karora will or will cause to be transferred the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for SpinCo Shares. It is a condition precedent to the Arrangement that all key regulatory and third party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. Following the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo, Karora will distribute 100% of the issued and outstanding SpinCo Shares to Karora Shareholders pursuant to the Plan of Arrangement.

In connection with the Arrangement, Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV. As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares.

See "*Part 12 – Securities Law Matters – Australian Securities Law Matters – Transfer of Kali Shares*" and "*Part 16 – Risk Factors Relating to the Arrangement*" of this Circular. See also "*Appendix N – Information Concerning SpinCo – General Development of SpinCo's Business – Business of SpinCo*" of this Circular.

Approval of Arrangement Resolution

At the Meeting, Karora Shareholders will be asked to consider, and if thought advisable, to approve the Arrangement Resolution, the full text of which is set out in Appendix B of this Circular.

In order for the Arrangement to become effective, the Arrangement Resolution must be approved at the Meeting by the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast on the Arrangement Resolution by Karora Shareholders, and (ii) a majority (50% + 1) of the votes cast on the Arrangement Resolution by Karora Shareholders, excluding the votes cast in respect of Karora Shares held by certain interested or related parties or joint actors of Karora in accordance with the minority approval requirements of MI 61-101 (collectively, the "**Karora Shareholder Approval**"). If the Karora Shareholder Approval is not obtained at the Meeting, the Arrangement will not be completed.

The Karora Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement, and unanimously recommends that Karora Shareholders vote **FOR** the Arrangement Resolution.

See "*Part 7 – The Arrangement – Recommendation of the Karora Board*" of this Circular.

Voting Agreements

Westgold has entered into a Karora Voting and Lock-up Agreement with each of the following individuals: Steve Devlin, Michael Doolin, Peter Ganza, Peter Goudie, Scott Hand, Paul Huet, Derek Humphry, Shirley In't Veld, Leigh Junk, John Leddy, Tony Makuch, Laura Noonan-Crowe, Oliver Turner, Meri Verli and Chad Williams. In addition, certain shareholders, who exercise beneficial ownership or control over an aggregate of approximately 6% of the outstanding Karora Shares, have entered into agreements with Westgold to support the Arrangement.

Under the Karora Voting and Lock-up Agreements, each of the Karora Locked-up Shareholders has agreed to, among other things, support the Arrangement and to vote their Karora Shares (including any Karora Shares issued upon the exercise or exchange of Karora Options, Karora RSUs, Karora PSUs and Karora DSUs) in favour of the Arrangement Resolution and against any Acquisition Proposal or other proposal or transaction involving the Corporation or any of its subsidiaries which would reasonably be regarded as being directed towards or likely to prevent or delay the Meeting or the successful completion of the Arrangement or which would reasonably be expected to result in a Material Adverse Effect.

Under the terms of the Karora Voting and Lock-up Agreements, Westgold has acknowledged that any Karora Locked-up Shareholder who is also a director or an officer of Karora is bound under the Karora Voting and Lock-up Agreements only in such person's capacity as a Karora Shareholder (and not in his or her capacity as a director or officer of Karora).

The Karora Voting and Lock-up Agreements terminate upon, among other things: (a) mutual agreement; (b) if, without the prior written consent of the Karora Locked-up Shareholder, the Arrangement Agreement is amended in a manner that (i) decreases the amount of consideration payable to such securityholder, (ii) changes the form of consideration payable in a manner that is material and adverse to the securityholder, or (iii) is otherwise material and adverse to the securityholder; (c) a party's election following a breach of the other party's covenant, representation or warranty; (d) the completion of the Arrangement; and (e) the date of termination of the Arrangement Agreement in accordance with the terms thereof.

Interests of Certain Persons in the Arrangement

In considering the unanimous recommendation of the Karora Board with respect to the Arrangement, Karora Shareholders are advised that certain members of Karora Management and the Karora Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement. The Karora Board is aware of these interests and considered them along with other matters described under "*Part 7 – The Arrangement – Reasons for the Arrangement*" of this Circular above.

Ownership of Securities of Karora

As of the Record Date, directors and senior officers of Karora beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 2,633,049 Karora Shares, as well as an aggregate of 4,775,489 Karora Shares issuable upon the exercise of 105,555 Karora Options, 1,630,355 Karora RSUs, 2,407,834 Karora PSUs and 631,745 Karora DSUs, representing, on a partially diluted basis, approximately 4.0% of the Karora Shares outstanding as of the close of business on the Record Date.

All of the Karora Shares held by directors and senior officers of Karora will be treated in the same fashion under the Arrangement as Karora Shares held by any other Karora Shareholder.

Deferred Share Units, Restricted Share Units, Performance Share Units and Stock Options

Pursuant to the Arrangement, each Karora RSU, Karora PSU and Karora DSU outstanding immediately prior to the Effective Time will vest and be settled or redeemed by Karora for Karora Shares in accordance with the terms of the Karora Plan and as contemplated by the Arrangement Agreement and the Plan of Arrangement, following which the former holders of Karora RSUs, Karora PSUs and Karora DSUs will be entitled to participate in the Arrangement on the same terms as the other Karora Shareholders.

Pursuant to the Arrangement Agreement, each Karora Option will be conditionally accelerated and vest in accordance with the terms of the Karora Plan such that all outstanding Karora Options may be exercised prior to the Effective Time, thereby entitling holders of such exercised Karora Options to participate in the Arrangement on the same terms as the other Karora Shareholders, and all unexercised Karora Options at the Effective Time will be terminated and cancelled for no consideration pursuant to conditional exercise and termination agreements entered into between the Corporation and each holder of Karora Options.

See "*Part 7 – The Arrangement – Arrangement Mechanics*".

As at the date of this Circular, there are an aggregate of: (i) 631,745 Karora DSUs, (ii) 2,504,493 Karora RSUs, (iii) 3,217,831 Karora PSUs, and (iv) 216,666 Karora Options outstanding under the Karora Plan.

The Karora DSUs, Karora RSUs, Karora PSUs and Karora Options do not have votes attached to them for the purposes of the matters before the Meeting.

Termination and Change of Control Benefits

Certain officers of the Corporation have double-trigger "change of control" provisions (also referred to as "change-in-control" provisions) as part of their employment agreements with the Corporation. Upon completion of the Arrangement, such officers will be entitled to change of control payments pursuant to their respective employment, as applicable, assuming such individuals' employment is terminated with effect as of the Effective Time. Listed below is a summary of the estimated lump sum change of control payments applicable to the officers of Karora assuming an Effective Date of July 31, 2024:

Name and Position	Estimated Change of Control Payment⁽¹⁾
Paul Huet, Chairman and Chief Executive Officer	US\$3,628,279
Leigh Junk, Managing Director, Australia	A\$1,534,000
Derek Humphry, Chief Financial Officer	A\$1,274,000
Michael Doolin, Senior Vice President, Technical Services	US\$1,490,656
Oliver Turner, Executive Vice President, Corporate Development	C\$1,526,148
Peter Ganza, Chief Operating Officer, Australia	A\$1,066,000

Notes:

- (1): Represents cash payments based on base salary and target short-term incentive bonus amount, in each case as modified by the severance term set out in each respective officer's employment or consulting agreement with the Corporation. In addition to the amounts set forth above, (a) certain officers may receive superannuation payments on their base salaries and/or their short-term incentive amounts, (b) certain officers are entitled to have their benefits coverage continue until the end of the compensation period, and (c) the Corporation will also provide certain officers with a lump-sum payment for outplacement services.

Indemnification and Insurance

In order to ensure that Karora's directors do not lose or forfeit their protection under liability insurance policies maintained by Karora, the Arrangement Agreement provides for the customary maintenance of such protection for six years.

Pursuant to the Arrangement Agreement, prior to the Effective Time, Karora may purchase customary "run-off" directors' and officers' liability insurance providing coverage for a period of six years from the Effective Date with respect to claims arising from or related to facts, circumstances or events which occur on or prior to the Effective Date, provided that the total cost of such run-off directors' and officers' liability insurance shall not exceed 250% of Karora's and its subsidiaries' current annual aggregate premium for directors' and officers' liability insurance currently maintained by the Corporation and its subsidiaries, as disclosed to Westgold prior to the date of the Arrangement Agreement.

MI 61-101 Protection of Minority Security Holders in Special Transactions

Business Combination

Karora is subject to the requirements of MI 61-101. MI 61-101 establishes a securities regulatory framework that mitigates risks to minority security holders when a related party of the issuer, who may have superior access to information or significant influence, is involved in certain transactions. MI 61-101 does this generally by requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties and/or, in certain instances, independent valuations. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of certain securityholders without their consent.

MI 61-101 provides that, in certain circumstances, where a "related party" (as defined in MI 61-101) of an issuer is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with certain transactions (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and may be subject to minority approval requirements.

A "collateral benefit", as defined under MI 61-101, includes any benefit that a "related party" of Karora (which includes the directors and executive officers of Karora) is entitled to receive as a consequence of the Arrangement including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, trustee or consultant of Karora. However, MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, trustee or consultant of an issuer or an affiliated entity of the issuer or a successor to the business of the issuer where, among other things (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction, (ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner, (iii) full particulars of the benefit are disclosed in the disclosure document for the transaction, and, either: (x) at the time the transaction was agreed to, the related party and its associated entities beneficially own or exercise control or direction over less than one percent (1%) of the outstanding shares of the issuer; or (y) if the transaction is a "business combination", (I) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities beneficially owned by the related party, (II) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than five percent (5%) of the value referred to in subclause (I), and (III) the independent committee's determination is disclosed in the disclosure document for the transaction.

If a "related party" receives a "collateral benefit" in connection with the Arrangement, the Arrangement Resolution will require "minority approval" (as defined in MI 61-101) in accordance with MI 61-101. If "minority approval" is required, the Arrangement Resolution must be approved by a majority of the votes cast, excluding those votes beneficially owned, or over which control or direction is exercised, by any "related party" of Karora who receive a "collateral benefit" in connection with the Arrangement. This approval is in addition to the requirement that the Arrangement Resolution must be approved by two-thirds of the votes cast by Karora Shareholders present in person or represented by proxy at the Meeting and entitled to vote.

For personal use only

Refer to the table above under the heading "*Interests of Certain Persons in the Transactions – Termination and Change of Control Benefits*" for a description of the "collateral benefits" that the executive officers of Karora may be entitled to receive in connection with the Arrangement. These "collateral benefits" include cash severance payments (which include payments for base salary and short-term incentives).

In addition, certain officers and directors of the Corporation hold Karora Options, Karora DSUs, Karora RSUs and/or Karora PSUs. If the Arrangement is completed, all Karora Options, Karora DSUs, Karora RSUs and Karora PSUs will become vested on an accelerated basis, and the directors and officers holding such Karora Options, Karora DSUs, Karora RSUs and Karora PSUs will receive the Consideration therefor to which such holders are entitled pursuant to the Plan of Arrangement, less applicable withholdings.

The accelerated vesting of Karora Options, Karora DSUs, Karora RSUs and Karora PSUs, and the consideration paid for such accelerated Karora Options, Karora DSUs, Karora RSUs and Karora PSUs (as applicable) under the Arrangement and any change of control payments may be considered a "collateral benefit" received by directors and senior officers of the Corporation for purposes of MI 61-101.

Following disclosure by each of the executive officers of Karora of the number of securities of Karora held by them and the total consideration that they expect to receive pursuant to the Arrangement, the only senior officer of Karora who is receiving a benefit in connection with the Arrangement and beneficially owns or exercises control or direction over more than one percent (1%) of the Karora Shares is Mr. Paul Huet.

The Special Committee has determined that the value of any benefits to be received by Mr. Paul Huet, net of any offsetting costs, is more than 5% of the value of consideration that Mr. Paul Huet expects he will be beneficially entitled to receive under the terms of the Arrangement, in exchange for the equity securities beneficially owned by him. As a result of the foregoing, the Karora Shares that Mr. Paul Huet beneficially owns, directly or indirectly, or over which he has control or direction (being 501,752 Karora Shares or approximately 0.28% of the issued and outstanding Karora Shares as of the Record Date), will be excluded for the purpose of determining if minority approval of the Arrangement is obtained.

Accordingly, the Interim Order provides that in order to be effective, the Arrangement Resolution must, in addition to being approved by at least 66⅔% of the votes cast at the Meeting on the Arrangement Resolution by Karora Shareholders, also be approved by at least a majority (50% + 1) of the votes cast on the Arrangement Resolution at the Meeting by the Karora Shareholders present in person or represented by proxy, after excluding the votes cast by Mr. Paul Huet.

Formal Valuation

Karora is not required to obtain a formal valuation under MI 61-101 in connection with the Arrangement, as (i) no "interested party" would, as a consequence of the Arrangement, directly or indirectly acquire Karora or the business of Karora, or combine with Karora, through an amalgamation, arrangement or otherwise, whether alone or with joint actors and (ii) there is no "connected transaction" involving an "interested party" that would qualify as a "related party transaction" (as defined in MI 61-101) for which Karora would be required to obtain a formal valuation.

Prior Valuations

To the knowledge of the directors and senior officers of the Corporation, there have been no "prior valuations" (as defined in MI 61-101) prepared in respect of the Corporation within the 24 months preceding the date of this Circular.

Prior Offers

Except as described in this Circular under the heading "*Part 7 – The Arrangement – Background to the Arrangement*", the Corporation has not received any *bona fide* prior offer relating to the subject matter of, or otherwise relevant to, the Arrangement in the past 24 months preceding the entry into the Arrangement Agreement. See "*Part 7 – The Arrangement – Background to the Arrangement*".

For personal use only

Other

The Corporation confirms that during the process of review and approval of the Arrangement, there was no materially contrary view or abstention by a director or any material disagreement between the Karora Board and the Special Committee.

Court Approval of the Arrangement

An arrangement under the CBCA requires Court approval.

Interim Order

On June 14, 2024, Karora obtained the Interim Order providing for the calling and holding of the Meeting, the grant of Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Appendix E of this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, provided the Arrangement Resolution is approved by Karora Shareholders at the Meeting in the manner required by the Interim Order, Karora intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for July 24, 2024 at 11:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, or at any other date and time as the Court may direct. Any Karora Securityholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a Notice of Appearance and any evidence upon which they intend to rely no later than July 22, 2024, along with any other documents required, all as set out in the Interim Order and the Notice of Application, the text of which are set out in Appendix E and Appendix F to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those persons having previously filed and served a Notice of Appearance will be given notice of the adjournment.

The Court has broad discretion under the CBCA when making orders with respect to the Arrangement. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Karora and/or Westgold may determine not to proceed with the Arrangement.

The Westgold Shares and the SpinCo Shares to be issued pursuant to the Arrangement, as well as the Karora Class A Shares, to be issued pursuant to the Arrangement, have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and will be issued and exchanged in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided from or qualifications under the registration requirements of any applicable securities laws of any state of the United States in which Karora Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more *bona fide* outstanding securities, or partly in such exchange and partly for cash, from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Karora Class A Shares, SpinCo Shares and Westgold Shares to be received by Karora Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the Section 3(a)(10) Exemption with respect to the issuance and exchange of the

For personal use only

Karora Class A Shares, SpinCo Shares and Westgold Shares to be issued to Karora Shareholders pursuant to the Arrangement.

See "*Part 12 – Securities Law Matters – United States Securities Law Matters*" of this Circular. For a copy of the Interim Order, see Appendix E of this Circular.

Completion of the Arrangement

Subject to the satisfaction or waiver of the conditions in the Arrangement Agreement, and subject to any Order of the Court, the Arrangement will, upon filing of the Articles of Arrangement with the Director under the CBCA, become effective on the Effective Date commencing at the Effective Time. The Effective Date will not occur until all of the conditions to completion of the Arrangement set out in the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement. If the Arrangement Resolution is approved at the Meeting and all other required approvals (including the Final Order) and conditions to the completion of the Arrangement are satisfied or waived, the Effective Date is expected to occur in July of 2024. In no event shall the Effective Date be later than September 30, 2024, unless otherwise agreed to between Karora and Westgold, provided that if the Effective Date has not occurred by September 30, 2024 as a result of the failure to obtain the FIRB Approval, then either Westgold or Karora may elect to extend such date by up to 60 days subject to the terms of the Arrangement Agreement. On the Effective Date, upon completion of the Arrangement, Karora and Westgold will publicly announce that the Arrangement has been implemented.

Effects of the Arrangement on Karora Shareholders' Rights

Karora Shareholders receiving Westgold Shares under the Arrangement will become Westgold Shareholders. Westgold is incorporated under the Laws of Western Australia.

The rights of a shareholder of an Australian corporation differ from the rights of a shareholder of a CBCA corporation. See Appendix K of this Circular for a summary comparison of the rights of Karora Shareholders and Westgold Shareholders. The rights of Karora Shareholders are governed by the CBCA and by Karora's articles and by-laws. Following the Arrangement, Karora Shareholders who receive Westgold Shares as part of the Arrangement will become Westgold Shareholders, and as such their rights will be governed by the Corporations Act, the ASX Listing Rules, and by the Westgold Constitution. Karora Shareholders are encouraged to consult with their legal advisors for greater detail with respect to these differences.

Karora Shareholders receiving SpinCo Shares under the Arrangement will become shareholders of SpinCo. SpinCo is incorporated under the Laws of the Province of Ontario.

The rights of Karora Shareholders are governed by the CBCA and by Karora's articles and by-laws. Following the Arrangement, Karora Shareholders who receive SpinCo Shares as part of the Arrangement will become shareholders of SpinCo and as such their rights will be governed by the OBCA and SpinCo's articles and by-laws. **The rights of a shareholder of an OBCA corporation differ from the rights of a shareholder of a CBCA corporation.** Karora Shareholders are encouraged to consult with their legal advisors for greater detail with respect to these differences.

PART 8. THE ARRANGEMENT AGREEMENT

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive, is not intended as a substitute for reviewing the Arrangement Agreement and is qualified in its entirety by reference to the full text of the Arrangement Agreement, which can be found under the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca.

The description of the Arrangement Agreement has been included in this Circular to provide Karora Shareholders with information regarding terms of the Arrangement. It is not intended to provide any other factual information about the Parties to the Arrangement Agreement or their respective subsidiaries or affiliates. See "*Part 8 – The Arrangement Agreement – Representations and Warranties*" below for additional detail.

Effective Date and Conditions of Arrangement

If the Arrangement Resolution is passed, the Final Order approving the Arrangement is obtained, every requirement of the CBCA relating to the Arrangement has been complied with and all other conditions to the Arrangement Agreement as summarized under "*Part 8 – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*" are satisfied or waived, the Arrangement will become effective on the Effective Date commencing at the Effective Time.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by each of Karora and SpinCo to Westgold and representations and warranties made by each of Westgold and AcquireCo to Karora. The representations and warranties were made solely for purposes of the Arrangement Agreement and are subject to important qualifications, limitations and exceptions agreed to by the Parties in connection with negotiating its terms. In particular, some of the representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect standard, which is different from that generally applicable to public disclosure to Karora Shareholders or may have been used for the purpose of allocating risk between the Parties to the Arrangement Agreement.

Karora Shareholders are not third-party beneficiaries under the Arrangement Agreement and should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

Representations and Warranties of Karora and SpinCo

The representations and warranties provided by Karora and SpinCo in favour of Westgold relate to, among other things, organization, authorization and validity of the Arrangement Agreement, execution and binding obligations of the Arrangement Agreement, consents and approvals, no violation, required approvals, ownership of subsidiaries, compliance with Laws and Constating Documents, Permits, capitalization, shareholders' and similar agreements, reporting issuer status and stock exchange compliance, filing of reports, unresolved comment letters or audits, financial statements, disclosure controls and internal control over financial reporting, undisclosed liabilities, no hedging, Competition Act and anti-trust matters, environmental matters, indigenous matters, employment matters, absence of certain changes or events, litigation matters, Taxes, matters related to Books and Records, minute books, insurance matters, non-arm's length transactions, matters relating to Karora Benefit Plans, restrictions on business activities, Material Contracts, real property and personal property, title to and sufficiency of assets, options to purchase assets, condition of tangible assets, accounts receivable, inventories, interest in properties and mineral rights, mineral resources, operational matters, compliance with Anti-Corruption Laws, compliance with sanction legislation, intellectual property, data protection and cybersecurity, brokers and expenses, Fairness Opinions, and personal property registry registrations.

Representations and Warranties of Westgold and AcquireCo

The representations and warranties provided by Westgold in favour of Karora relate to, among other things, organization, authorization and validity of the Arrangement Agreement, execution and binding obligations of the Arrangement Agreement, consents and approvals, no violation, required approvals, ownership of subsidiaries, compliance with Laws and Constating Documents, Permits, capitalization, shareholders' and similar agreements, securities laws matters, financial statements, disclosure controls and internal control over financial reporting, undisclosed liabilities, no hedging, Competition Act and anti-trust matters, environmental matters, indigenous matters, employment matters, absence of certain changes or events, litigation matters, Taxes, matters related to Books and Records, minute books, insurance matters, non-arm's length transactions, matters relating to Westgold Benefit Plans, restrictions on business activities, Material Contracts, real property and personal property, title to and sufficiency of assets, options to purchase assets, condition of tangible assets, accounts receivable, inventories, interest in properties and mineral rights, mineral resources, operational matters, compliance with Anti-Corruption Laws, compliance with sanction legislation, intellectual property, data protection and cybersecurity, brokers and expenses, personal property registry registrations, and Investment Canada Act matters.

For personal use only

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain conditions precedent must have been satisfied or waived, which conditions are summarized below.

Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement, in form and substance satisfactory to each of Karora and Westgold, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to Karora or Westgold, acting reasonably, on appeal or otherwise;
- (b) the Karora Shareholder Approval shall have been obtained at the Meeting in accordance with the Interim Order;
- (c) Westgold Shareholder Approval, if, and to the extent, required by the ASX, shall have been obtained at the Westgold Meeting;
- (d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Westgold or Karora which prevents the consummation of the Arrangement;
- (e) no Proceeding shall be pending or threatened by any Governmental Entity in any jurisdiction that is reasonably likely to (i) cease trade, enjoin, prohibit, or impose any limitations, damages, or conditions on Westgold's ability to acquire, hold, or exercise full rights of ownership over any Karora Shares, including the right to vote the Karora Shares, or (ii) prohibit or enjoin Karora or Westgold from consummating the Arrangement;
- (f) no person shall have filed any notice of appeal of the Final Order, and no person shall have communicated to Karora or Westgold (orally or in writing) any intention to appeal the Final Order which, in the reasonable opinion of Karora or Westgold (on the advice of outside legal counsel), would make it inadvisable to proceed with the implementation of the Arrangement;
- (g) the Arrangement Agreement shall not have been terminated in accordance with its terms;
- (h) the distribution of the securities pursuant to the Arrangement shall either: (i) be exempt from the prospectus and registration requirements of applicable Securities Laws either by virtue of exemptive relief granted from the securities regulatory authorities of Australia (including in respect of the on-sale disclosure obligations imposed by subsections 707(3) and (4) of the Corporations Act for the on-sale of Westgold Shares following implementation of the Arrangement) and each of the provinces and territories of Canada or by virtue of applicable exemptions under Securities Laws and shall not be subject to resale or on-sale restrictions or disclosure obligations under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of NI 45-102); or (ii) if exemptive relief from the prospectus and registration requirements under applicable Australian Securities Laws is not granted by the securities regulatory authorities of Australia, Westgold shall have filed a prospectus in connection with the issuance of the Westgold Shares to be issued pursuant to the Arrangement;
- (i) conditional approval (or equivalent approval) of the listing or official quotation of the Westgold Shares issuable pursuant to the Arrangement on the ASX and on the TSX shall have been obtained by Westgold;

For personal use only

- (j) FIRB Approval shall have been obtained by Westgold; and
- (k) the distribution of the Share Consideration pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

Additional Conditions Precedent for the Benefit of Westgold

The obligations of Westgold and AcquireCo to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment of certain conditions precedent, including but not limited to the following (each of which is for the exclusive benefit of Westgold and AcquireCo and may be waived by Westgold):

- (a) all covenants of Karora under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Westgold shall have been duly performed by Karora in all material respects, and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed by two executive officers on behalf of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Karora set forth in the Arrangement Agreement that are qualified by the expression "Material Adverse Effect" or other materiality qualifiers shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Karora in the Arrangement Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date) and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed on behalf of Karora by two executive officers of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Karora, and Westgold shall have received a certificate of Karora addressed to Westgold and dated the Effective Time, signed by two executive officers on behalf of Karora (on Karora's behalf and without personal liability), confirming the same as at the Effective Date;
- (d) Karora and SpinCo shall have entered into the SpinCo Contribution Agreement in accordance with Section 5.8 of the Arrangement Agreement;
- (e) the Key Regulatory Approvals and Key Third Party Consents required to be obtained by each of Karora and Westgold shall have been obtained;
- (f) holders of no more than 5% of the Karora Shares shall have exercised Dissent Rights;
- (g) Karora has received effective resignations and mutual releases (in a form satisfactory to Westgold, acting reasonably) of each member of the Karora Board and each member of the board of directors of its subsidiaries, effective as of the Effective Date; and
- (h) Karora shall have complied with its obligations under Section 2.8 of the Arrangement Agreement and the Depositary shall have confirmed receipt of the Fractional SpinCo Shares contemplated thereby.

The foregoing conditions are for the sole benefit of Westgold and may be waived by it in whole or in part at any time.

Additional Conditions Precedent for the Benefit of Karora

The obligations of Karora to complete the transactions contemplated by the Arrangement Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Karora and may be waived by Karora):

- (a) all covenants of Westgold and AcquireCo under the Arrangement Agreement to be performed on or before the Effective Time which have not been waived by Karora shall have been duly performed by Westgold and AcquireCo in all material respects, and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (b) all representations and warranties of Westgold and AcquireCo set forth in the Arrangement Agreement that are qualified by the expression "Material Adverse Effect" or other materiality qualifiers shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Westgold and AcquireCo in the Arrangement Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date); and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (c) since the date of the Arrangement Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Westgold, and Karora shall have received a certificate of Westgold, addressed to Karora and dated the Effective Time, signed on behalf of Westgold by two executive officers of Westgold (on Westgold's behalf and without personal liability), confirming the same as at the Effective Date;
- (d) the Key Regulatory Approvals and Key Third Party Consents required to be obtained by each of Karora and Westgold shall have been obtained;
- (e) the actions required to be taken by Westgold pursuant to Section 5.4(a)(v) of the Arrangement Agreement to ensure the Westgold Board will include two directors nominated by Karora with effect as and from the Effective Time shall have been taken; and
- (f) Westgold shall have complied with its obligations under Section 2.8 of the Arrangement Agreement and the Depository shall have confirmed receipt of the Westgold Shares contemplated thereby.

The foregoing conditions are for the sole benefit of Karora and may be waived by it in whole or in part at any time.

Covenants of Karora

Covenants relating to Conduct of Business

Karora has made certain covenants to Westgold, including that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Karora Disclosure Letter (which, for greater certainty, do not require the consent of Westgold or AcquireCo), applicable Laws or any Governmental Entities and subject to certain exceptions set out in the Arrangement Agreement or as consented to by Westgold in writing (such consent not to be unreasonably withheld or delayed), Karora shall, and shall cause each of its subsidiaries to:

- (a) conduct its business and affairs and maintain its properties and facilities in, and not take any action except in, the ordinary course of business consistent with past practice;
- (b) use commercially reasonable efforts to preserve intact its present business organization, assets (including Intellectual Property), Permits and goodwill, maintain its real property interests (including title to, and leasehold interests in respect of, any real property) in good standing, keep available the services of its officers and employees as a group and preserve the current material relationships with suppliers, distributors, employees, consultants, customers and others having business relationships with it;
- (c) comply in all material respects with all applicable Laws, including Securities Laws and Tax Laws;
- (d) make or cooperate as necessary in the making of all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated by the Arrangement Agreement; and
- (e) keep Westgold fully informed as to material decisions or actions made or required to be made with respect to, and material developments relating to, the operation of its businesses and consult with Westgold, as Westgold may reasonably request, to allow Westgold to monitor and provide input with respect to the direction and control of, any such material decisions or actions or developments.

Without limiting the generality of the foregoing, Karora has also covenanted to Westgold and agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Karora Disclosure Letter (which, for greater certainty, do not require the consent of Westgold or AcquireCo), Karora shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Westgold (which consent shall not be unreasonably withheld or delayed):

- (a) amend, restate, rescind, alter, enact, or adopt all or any portion of any of the Constatng Documents of Karora or any of its subsidiaries;
- (b) issue, sell, pledge, lease, dispose of or encumber, or agree to issue, sell, pledge, lease, dispose of or encumber, any securities of or any securities convertible into securities of Karora (other than (i) in connection with the exercise, redemption or conversion, in accordance with their respective terms, of outstanding options, warrants or other convertible securities, (ii) as set out in the Karora Disclosure Letter) or except as provided for in the Arrangement Agreement, amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any outstanding securities of Karora or right that is linked in any way to the price of any securities of Karora; split, consolidate or reclassify, or propose to split, consolidate or reclassify, any of its shares or undertake or propose to undertake any other capital reorganization or change in its common shares, any other of its securities or its share capital;
- (c) reduce the stated capital of any of its securities;
- (d) make, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) on, or purchase, redeem, repurchase or otherwise acquire, any securities of Karora or any of its subsidiaries;
- (e) create any subsidiary;
- (f) adopt a plan of complete or partial liquidation, arrangement, dissolution, amalgamation, merger, consolidation, restructuring, recapitalization, winding-up or other reorganization of Karora or any Material Subsidiary of Karora (other than pursuant to the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement, including the SpinCo Reorganization), or file a petition in bankruptcy under any applicable Law on behalf of Karora or any Material

Subsidiary of Karora, or consent to the filing of any bankruptcy petition against Karora or any Material Subsidiary of Karora under any applicable Law;

- (g) sell, sell and lease back, pledge, licence, lease, sublease, alienate, dispose, swap, transfer or voluntarily lose the right to use, in whole or in part, or otherwise dispose of, or subject to any Lien (other than Permitted Liens), any asset or any interest in any asset, or waive, cancel, release or assign to any person (other than Karora or any of its subsidiaries) any material right or claim (including indebtedness owed to Karora or any of its subsidiaries), in either case having a value greater than A\$2,000,000, except for (i) assets sold, leased, disposed of or otherwise transferred in the ordinary course and that are not, individually or in the aggregate, material to Karora or any of its subsidiaries, (ii) obsolete, damaged or destroyed assets in the ordinary course, (iii) returns of leased assets at the end of the lease term, (iv) transfers of assets between Karora and a subsidiary of Karora, and (v) as required pursuant to the terms of any Material Contract in effect on the date of the Arrangement Agreement;
- (h) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any company, partnership or other business organization or division, or incorporate or form, or agree to incorporate or form, any company, partnership or other business organization or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other person, company, partnership or other business organization having a value greater than A\$2,000,000 in the aggregate;
- (i) except as contemplated by the Arrangement Agreement, pursue any corporate acquisition, merger or make any other material change to its business or affairs;
- (j) enter into or agree to the terms of any joint venture or similar agreement, arrangement or relationship;
- (k) make any capital expenditures or commitments other than (i) capital expenditures that are included in the Karora Budget, or (ii) any other capital expenditures that do not exceed A\$2,000,000 in the aggregate;
- (l) make, rescind or amend any material Tax election, information schedule, return or designation, settle or compromise any material Tax claim, assessment, reassessment or liability, or change any of its methods of reporting income, deductions or accounting for income Tax purposes;
- (m) take any action inconsistent with past practice relating to the filing of any Tax Return or the withholding, collecting, remitting and payment of any Tax;
- (n) enter into any Tax sharing, Tax allocation, Tax related waiver or Tax indemnification agreement, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;
- (o) fail to pay or cause to be paid all accounts when due or invoices promptly upon receipt, in any way related to the business, operations and assets of Karora or any of its subsidiaries, in each case in the ordinary course of business, consistent with past practice;
- (p) pay, discharge or satisfy any material claims, liabilities or obligations other than (i) the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Karora Financial Statements, (ii) as reflected in the Karora Budget, (iii) any other claims, liabilities, obligations or expenditures that do not exceed A\$2,000,000 in the aggregate, (iv) incurred in the ordinary course of business consistent with past practice, or (v) as set out in the Karora Disclosure Letter;

- (q) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing material licence, lease, Permit, Material Contract or other material document, without first advising Westgold and obtaining Westgold's consent and direction, acting reasonably, as to any action to be taken in that regard, and forthwith taking any action directed by Westgold, acting reasonably;
- (r) enter into or modify any employment, consulting, severance, or similar agreements or arrangements with, or grant any bonuses, salary or fee increases, severance or termination pay to, any officers or directors or, in the case of employees or consultants who are not officers or directors, take any action other than in the ordinary, regular and usual course of business and consistent with past practice with respect to the grant of any bonuses, salary or fee increases, severance or termination pay or with respect to any increase of benefits payable in effect on the date of the Arrangement Agreement provided, however, that: (i) Karora shall take such action as may be required in order to ensure that the provisions of Section 2.11 of the Arrangement Agreement are complied with; and (ii) Karora will abide by the terms and conditions of any employment agreements and consulting agreements in respect of any person who will no longer be employed or retained by Westgold or Karora, as the case may be, after the Arrangement, including with respect to the payments of any severance amounts or change of control payments, if applicable;
- (s) (i) incur, create, assume or otherwise become liable for any indebtedness, other than: (A) indebtedness under credit cards incurred in the ordinary course and lines of credit and factoring agreements incurred in the ordinary course which for the purpose of this provision shall include any such debt which funds operations of the business, or any bridge loans not in excess of A\$2,000,000 in connection with financing the transactions contemplated by the Arrangement Agreement; (B) as contemplated in the Karora Budget; or (C) any other loans or, advances guarantees or other obligations, individually or in the aggregate, in an amount not to exceed A\$2,000,000 or (ii) incur, create, assume or otherwise become liable for any other material liability or obligation, other than in the ordinary course or (iii) issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other person; or make any loans or advances to any other person, other than loans or advances made by Karora to a subsidiary of Karora, or by a subsidiary to Karora, or pursuant to transactions contemplated in the Arrangement Agreement;
- (t) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts, off-take, royalty or similar financial instruments including any streaming transactions;
- (u) other than in the ordinary course, commence, pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, rights, liabilities or obligations relating to any Proceeding or threatened Proceeding (i) by any Governmental Entity; or (ii) the settlement of which would result in any relief, other than the payment by Karora or any of its subsidiaries of an amount in cash, including debarment, corporate integrity agreements, any undertaking restricting the operations of Karora or any of its subsidiaries' business or the granting of licenses, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion, seizure or detention of product, or notification, repair or replacement; other than the payment, discharge, settlement, or satisfaction of liabilities reflected or reserved against in Karora's consolidated annual financial statements, or payment of any fees related to the Arrangement;
- (v) enter into or adopt any shareholder rights plan or similar agreement or arrangement;
- (w) enter into, modify or terminate or cancel any Collective Agreement, or enter into any Contract that would be a Collective Agreement if in effect on the date hereof or grant recognition to any labour union or similar labour organization for purposes of collective bargaining;
- (x) engage in any transaction with any senior management Employee, vice-president, director or any of their immediate family members (including spouses) or any related party (within the meaning of MI 61-101), other than (i) expense reimbursements and advances in the ordinary course, (ii)

employment Contracts with Employees hired in accordance with Section 5.1(b)(xviii) of the Arrangement Agreement, or (iii) transactions between Karora and a subsidiary of Karora;

- (y) prepay any long-term indebtedness before its scheduled maturity;
- (z) enter into any agreement or arrangement that would limit or restrict in any material respect Karora and the subsidiaries of Karora from competing or carrying on any business in any manner;
- (aa) materially change the business carried on by Karora and the subsidiaries of Karora, taken as a whole;
- (bb) enter into or amend any Contract with any broker, finder or investment banker, including any amendment to any Contracts listed in the Karora Disclosure Letter;
- (cc) disclose any material trade secrets or material confidential information pertaining to Karora or any of its subsidiaries to any person, other than in the ordinary course to persons who are under a contractual, legal, or ethical obligation to maintain the confidentiality of such information or as otherwise required by Law;
- (dd) amend any existing material Permit of Karora or any of its subsidiaries, or abandon or fail to diligently pursue any application for or renewal of any required material Permit, or take or omit to take any action that would reasonably be expected to lead to the termination of, or imposition of conditions on, any such material Permit of Karora or any of its subsidiaries;
- (ee) conduct any write-off, capitalisation or other action in respect of any intercompany loans and balances between Karora and/or between any other wholly owned subsidiary of Karora except in the ordinary course of business consistent with past practice or in connection with the Arrangement Agreement or the transactions contemplated thereby;
- (ff) take any action that could reasonably be expected to interfere with or be inconsistent with the completion of the Arrangement or the transactions contemplated in the Arrangement Agreement; or
- (gg) authorize, agree, resolve or otherwise commit, whether or not in writing, directly or indirectly, to do any of the foregoing.

Karora shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Karora or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to certain exceptions set forth in the Arrangement Agreement, none of Karora or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

Karora shall promptly notify Westgold in writing of any circumstance or development that, to the knowledge of Karora, is or could reasonably be expected to constitute a Material Adverse Effect in respect of Karora.

Karora has also agreed with Westgold that, prior to the Effective Time, Karora shall exercise, consistent with the terms of the Arrangement Agreement, control and supervision over its business and operations.

Covenants relating to the Arrangement

Karora has covenanted to Westgold and agreed that it shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Karora or any of its subsidiaries under the Arrangement Agreement, cooperate with Westgold in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement

Agreement and, without limiting the generality of the foregoing, Karora shall and, where applicable, shall cause its subsidiaries to:

- (a) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it or its subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (b) apply for and use its commercially reasonable efforts to, as soon as reasonably practicable, obtain and maintain all Regulatory Approvals, third party notices or other notices and consents, waivers, Permits, exemptions, orders, approvals, agreements, amendments or confirmations that are reasonably required or reasonably requested by Westgold relating to Karora or any of its subsidiaries in connection with the Arrangement or the other transactions contemplated by the Arrangement Agreement (including the Key Third Party Consents and those reasonably required under any Contract to which Karora or a subsidiary of Karora is a party or those needed to maintain in full force and effect any Permit held by the Karora or a subsidiary of Karora) provided, that the Parties agree that it shall not be a condition to closing of the Arrangement that such waivers, consents and approvals are obtained other than as set out in Article 6 of the Arrangement Agreement, in each case on terms that are reasonably satisfactory to Westgold and without paying, and without committing itself or Westgold to pay, any consideration or incur any liability or obligation without the prior written consent of Westgold and, in doing so, keep Westgold reasonably informed as to the status of the proceedings related to obtaining such approvals, including providing Westgold with copies of all related applications, notices and notifications, in draft form, in order for Westgold to provide its reasonable comments thereon, which shall be given due and reasonable consideration;
- (c) subject to the terms and conditions of the Arrangement Agreement and of the Plan of Arrangement and applicable Laws, cause SpinCo to issue the SpinCo Shares to be issued pursuant to the Arrangement at the time provided therein;
- (d) cause SpinCo to adopt a capital gains tax rollover under Subdivision 126-B of the Australian Tax Act in respect of the transfer or sale of any assets from Karora to SpinCo;
- (e) defend all lawsuits or other legal, regulatory or other Proceedings against Karora challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- (f) until the earlier of the Effective Time and termination of the Arrangement Agreement, subject to applicable Law, make available and cause to be made available to Westgold, information reasonably requested by Westgold for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Westgold and Karora following the Effective Date and confirming the representations and warranties of Karora set out in the Arrangement Agreement; and
- (g) promptly notify Westgold of:
 - 1. any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby;
 - 2. unless prohibited by Law, any notice or other communication from any person in connection with the transactions contemplated by the Arrangement Agreement (and Karora shall contemporaneously provide a copy of any such written notice or communication to Westgold);

For personal use only

3. any breach or default, or any notice of alleged breach or default, by Karora or its subsidiaries of any Material Contract or material Permit to which it is a party or by which it is bound;
4. any written notice or other communication from any Governmental Entity in connection with the Arrangement Agreement (and Karora shall contemporaneously provide a copy of any such written notice or communication to Westgold); and
5. any (A) Proceedings commenced or, to the knowledge of Karora, threatened against, relating to or involving or otherwise affecting the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby, and (B) material Proceedings commenced or, to the knowledge of Karora, threatened against, relating to or involving or otherwise affecting Karora or its subsidiaries.

Covenants of Westgold

Covenants relating to Conduct of Business

Westgold has made certain covenants to Karora, including that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Westgold Disclosure Letter (which, for greater certainty, do not require the consent of Karora or SpinCo), applicable Laws or any Governmental Entities and subject to certain exceptions set out in the Arrangement Agreement or as consented to by Karora in writing (such consent not to be unreasonably withheld or delayed), Westgold shall, and shall cause each of its subsidiaries to:

- (a) conduct its business and affairs and maintain its properties and facilities in, and not take any action except in, the ordinary course of business consistent with past practice;
- (b) use commercially reasonable efforts to preserve intact its present business organization, assets (including Intellectual Property), Permits and goodwill, maintain its real property interests (including title to, and leasehold interests in respect of, any real property) in good standing, keep available the services of its officers and employees as a group and preserve the current material relationships with suppliers, distributors, employees, consultants, customers and others having business relationships with it;
- (c) comply in all material respects with all applicable Laws, including Securities Laws and Tax Laws;
- (d) make or cooperate as necessary in the making of all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated by the Arrangement Agreement; and
- (e) keep Karora fully informed as to material decisions or actions made or required to be made with respect to, and material developments relating to, the operation of its businesses and consult with Karora, as Karora may reasonably request, to allow Karora to monitor and provide input with respect to the direction and control of, any such material decisions or actions or developments.

Without limiting the generality of the foregoing, Karora has also covenanted to Westgold and agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as required or permitted by the Arrangement Agreement or the Plan of Arrangement, or as set out in the Westgold Disclosure Letter (which, for greater certainty, do not require the consent of Karora or SpinCo), Westgold shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Karora (which consent shall not be unreasonably withheld or delayed):

- (a) amend, restate, rescind, alter, enact or adopt all or any portion of any of the Constatng Documents of Westgold or any of its subsidiaries;

- (b) issue, sell, pledge, lease, dispose of or encumber, or agree to issue, sell, pledge, lease, dispose of or encumber, any securities of or any securities convertible into securities of Westgold (other than in connection with the exercise or conversion, in accordance with their respective terms, of outstanding options, warrants or other convertible securities or right that is linked in any way to the price of any securities of Westgold) or except as provided for in the Arrangement Agreement, amend, extend or terminate, or agree to amend, extend or terminate, any of the terms of, or agreements governing, any outstanding securities of Westgold or right that is linked in any way to the price of any securities of Westgold; split, consolidate or reclassify, or propose to split, consolidate or reclassify, any of its shares or undertake or propose to undertake any other capital reorganization or change in its common shares, any other of its securities or its share capital;
- (c) reduce the stated capital of any of its securities;
- (d) make, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) on, or purchase, redeem, repurchase or otherwise acquire, any securities of Westgold or a subsidiary of Westgold;
- (e) create any subsidiary;
- (f) adopt a plan of complete or partial liquidation, arrangement, dissolution, amalgamation, merger, consolidation, restructuring, recapitalization, winding-up or other reorganization of Westgold or any of its Material Subsidiary (other than pursuant to the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement), or file a petition in bankruptcy under any applicable Law on behalf of Westgold or any of its Material Subsidiaries, or consent to the filing of any bankruptcy petition against Westgold or any of its Material Subsidiaries under any applicable Law;
- (g) sell, sell and lease back, pledge, licence, lease, sublease, alienate, dispose, swap, transfer or voluntarily lose the right to use, in whole or in part, or otherwise dispose of, or subject to any Lien (other than Permitted Liens), any asset or any interest in any asset, or waive, cancel, release or assign to any person (other than Westgold or a subsidiary of Westgold) any material right or claim (including indebtedness owed to Westgold or a subsidiary of Westgold) in either case having a value greater than A\$2,000,000, except for (i) assets sold, leased, disposed of or otherwise transferred in the ordinary course and that are not, individually or in the aggregate, material to Westgold or a subsidiary of Westgold, (ii) obsolete, damaged or destroyed assets in the ordinary course, (iii) returns of leased assets at the end of the lease term, (iv) transfers of assets between Westgold and a subsidiary of Westgold, and (v) as required pursuant to the terms of any Material Contract in effect on the date of the Arrangement Agreement;
- (h) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any company, partnership or other business organization or division, or incorporate or form, or agree to incorporate or form, any company, partnership or other business organization or make or agree to make any investment either by purchase of shares or securities, contributions of capital, property transfer or purchase of, any property or assets of any other person, company, partnership or other business organization having a value greater than A\$2,000,000 in the aggregate;
- (i) except as contemplated by the Arrangement Agreement, pursue any corporate acquisition, merger or make any other material change to its business or affairs;
- (j) enter into or agree to the terms of any joint venture or similar agreement, arrangement or relationship;
- (k) make any capital expenditures or commitments other than (i) capital expenditures that are included in the Westgold Budget, or (ii) any other capital expenditures that do not exceed A\$2,000,000 in the aggregate;

- (l) make, rescind or amend any material Tax election, information schedule, return or designation, settle or compromise any material Tax claim, assessment, reassessment or liability, or change any of its methods of reporting income, deductions or accounting for income Tax purposes;
- (m) take any action inconsistent with past practice relating to the filing of any Tax Return or the withholding, collecting, remitting and payment of any Tax;
- (n) enter into any Tax sharing, Tax allocation, Tax related waiver or Tax indemnification agreement, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes;
- (o) fail to pay or cause to be paid all accounts when due or invoices promptly upon receipt, in any way related to the business, operations and assets of Westgold or a subsidiary of Westgold, in each case in the ordinary course of business, consistent with past practice;
- (p) pay, discharge or satisfy any material claims, liabilities or obligations other than (i) the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Westgold Financial Statements, (ii) as reflected in the Westgold Budget, (iii) any other claims, liabilities, obligations or expenditures that do not exceed A\$2,000,000 in the aggregate, or (iv) incurred in the ordinary course of business consistent with past practice;
- (q) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing material licence, lease, Permit, Material Contract or other material document, without first advising Karora and obtaining Karora's consent and direction, acting reasonably, as to any action to be taken in that regard, and forthwith taking any action directed by Karora, acting reasonably;
- (r) enter into or modify any employment, consulting, severance, or similar agreements or arrangements with, or grant any bonuses, salary or fee increases, severance or termination pay to, any officers or directors or, in the case of employees or consultants who are not officers or directors, take any action other than in the ordinary, regular and usual course of business and consistent with past practice with respect to the grant of any bonuses, salary or fee increases, severance or termination pay or with respect to any increase of benefits payable in effect on the date of the Arrangement Agreement provided, however, that Westgold will abide by the terms and conditions of any employment agreements and consulting agreements in respect of any person who will no longer be employed or retained by Karora or Westgold, as the case may be, after the Arrangement, including with respect to the payments of any severance amounts or change of control payments, if applicable;
- (s) (i) incur, create, assume or otherwise become liable for any indebtedness, other than: (A) indebtedness under credit cards incurred in the ordinary course and lines of credit and factoring agreements incurred in the ordinary course which for the purpose of this provision shall include any such debt which funds operations of the business, or any bridge loans not in excess of A\$2,000,000 in connection with financing the transactions contemplated by the Arrangement Agreement; (B) as contemplated in the Westgold Budget; or (C) any other loans or, advances guarantees or other obligations, individually or in the aggregate, in an amount not to exceed A\$2,000,000 or (ii) incur, create, assume or otherwise become liable for any other material liability or obligation, other than in the ordinary course or (iii) issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other person; or make any loans or advances to any other person, other than loans or advances made by Westgold to a subsidiary of Westgold, or by a subsidiary to Westgold, or pursuant to transactions contemplated in the Arrangement Agreement;
- (t) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts, off-take, royalty or similar financial instruments including any streaming transactions;

- For personal use only
- (u) other than in the ordinary course, commence, pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, rights, liabilities or obligations, relating to any Proceeding or threatened Proceeding (i) by any Governmental Entity; or (ii) the settlement of which would result in any relief, other than the payment by Westgold or a subsidiary of Westgold of an amount in cash, including debarment, corporate integrity agreements, any undertaking restricting the operations of Westgold or a subsidiary of Westgold's business or the granting of licenses, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion, seizure or detention of product, or notification, repair or replacement; other than the payment, discharge, settlement, or satisfaction of liabilities reflected or reserved against in Westgold's consolidated annual financial statements, or payment of any fees related to the Arrangement;
 - (v) enter into or adopt any shareholder rights plan or similar agreement or arrangement;
 - (w) enter into, modify or terminate or cancel any Collective Agreement, or enter into any Contract that would be a Collective Agreement if in effect on the date hereof or grant recognition to any labour union or similar labour organization for purposes of collective bargaining;
 - (x) engage in any transaction with any senior management Employee, vice-president, director or any of their immediate family members (including spouses) or any related party (within the meaning of MI 61-101), other than (i) expense reimbursements and advances in the ordinary course, (ii) employment Contracts with Employees hired in accordance with Section 5.2(b)(xviii) of the Arrangement Agreement, or (iii) transactions between Westgold and a subsidiary of Westgold;
 - (y) prepay any long-term indebtedness before its scheduled maturity;
 - (z) enter into any agreement or arrangement that would limit or restrict in any material respect Westgold and the subsidiaries of Westgold from competing or carrying on any business in any manner;
 - (aa) materially change the business carried on by Westgold and the subsidiaries of Westgold, taken as a whole;
 - (bb) enter into or amend any Contract with any broker, finder or investment banker, including any amendment to any Contracts listed in the Westgold Disclosure Letter;
 - (cc) disclose any material trade secrets or material confidential information pertaining to Westgold or a subsidiary of Westgold to any person, other than in the ordinary course to persons who are under a contractual, legal, or ethical obligation to maintain the confidentiality of such information;
 - (dd) amend any existing material Permit of Westgold or a subsidiary of Westgold, or abandon or fail to diligently pursue any application for or renewal of any required material Permit, or take or omit to take any action that would reasonably be expected to lead to the termination of, or imposition of conditions on, any such material Permit of Westgold or a subsidiary of Westgold;
 - (ee) take any action that could reasonably be expected to interfere with or be inconsistent with the completion of the Arrangement or the transactions contemplated in the Arrangement Agreement; or
 - (ff) authorize, agree, resolve or otherwise commit, whether or not in writing, directly or indirectly, to do any of the foregoing.

Westgold shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Westgold or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

Westgold shall promptly notify Karora in writing of any circumstance or development that, to the knowledge of Westgold, is or could reasonably be expected to constitute a Material Adverse Effect in respect of Westgold.

Westgold has also agreed with Karora that, prior to the Effective Time, Westgold shall exercise, consistent with the terms of the Arrangement Agreement, control and supervision over its business and operations.

Covenants relating to the Arrangement

Westgold has covenanted to Karora and agreed that it shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Westgold or any of its subsidiaries under the Arrangement Agreement, cooperate with Karora in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in the Arrangement Agreement and, without limiting the generality of the foregoing, Westgold shall and, where applicable, shall cause its subsidiaries to:

- (a) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law applicable to it or its subsidiaries with respect to the Arrangement Agreement or the Arrangement;
- (b) use commercially reasonable efforts to seek and, if possible, procure;
 - 1. from the ASX the grant of a waiver from ASX Listing Rule 7.1 to the extent necessary to permit Westgold to issue the Share Consideration to Karora Shareholders pursuant to the Arrangement without obtaining the Westgold Shareholder Approval;
 - 2. confirmation from the ASX that the ASX will not exercise its discretion under ASX Listing Rule 11.1.2 or 11.1.3 in respect of any transaction contemplated under the Arrangement Agreement and the Plan of Arrangement; and
 - 3. confirmation from the ASX that it does not consider that any transaction contemplated under the Arrangement Agreement and the Plan of Arrangement is a "Reverse Takeover" (as defined in the ASX Listing Rules);
- (c) apply for and use its commercially reasonable efforts to, as soon as reasonably practicable following the date hereof, obtain and maintain all Regulatory Approvals, third party notices or other notices and consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are reasonably required or reasonably requested by Karora relating to Westgold or any of its subsidiaries in connection with the Arrangement or the other transactions contemplated thereby (including the Key Third Party Consents and those reasonably required under any Contract to which Westgold or a subsidiary of Westgold is a party or those needed to maintain in full force and effect any Permit held by the Westgold or a subsidiary of Westgold) provided, that the Parties agree that it shall not be a condition to closing of the Arrangement that such waivers, consents and approvals are obtained other than as set out in Article 6 of the Arrangement Agreement, in each case on terms that are reasonably satisfactory to Karora and without paying, and without committing itself or Karora to pay, any consideration or incur any liability or obligation without the prior written consent of Karora and, in doing so, keep Karora reasonably informed as to the status of the proceedings related to obtaining such approvals, including providing Karora with copies of all related applications, notices and notifications, in draft form, in order for Karora to provide its reasonable comments thereon, which shall be given due and reasonable consideration;
- (d) subject to the terms and conditions of the Arrangement Agreement and of the Plan of Arrangement and applicable Laws, issue the Westgold Shares to be issued pursuant to the Arrangement at the time provided therein;

For personal use only

- (e) ensure that, with effect as and from the Effective Time, the Westgold Board will include two directors nominated by Karora provided all such nominated members of the Westgold Board consent to act as director on the Westgold Board, meet the qualification requirements to serve as a director under the rules and policies of the Exchange and shall be eligible under applicable Law to serve as a director;
- (f) defend all lawsuits or other legal, regulatory or other Proceedings against Westgold challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated thereby;
- (g) until the earlier of the Effective Time and termination of the Arrangement Agreement, subject to applicable Law, make available and cause to be made available to Karora, information reasonably requested by Karora for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Westgold and Karora following the Effective Date and confirming the representations and warranties of Westgold set out in the Arrangement Agreement; and
- (h) promptly notify Karora of:
 - 1. any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby;
 - 2. unless prohibited by Law, any notice or other communication from any person in connection with the transactions contemplated by the Arrangement Agreement (and Westgold shall contemporaneously provide a copy of any such written notice or communication to Karora);
 - 3. any breach or default, or any notice of alleged breach or default, by Westgold or a subsidiary of Westgold of any Material Contract or material Permit to which it is a party or by which it is bound;
 - 4. any written notice or other communication from any Governmental Entity in connection with the Arrangement Agreement (and Westgold shall contemporaneously provide a copy of any such written notice or communication to Karora); and
 - 5. any (A) Proceedings commenced or, to the knowledge of Westgold, threatened against, relating to or involving or otherwise affecting the Arrangement, the Arrangement Agreement or any of the transactions contemplated thereby, and (B) material Proceedings commenced or, to the knowledge of Westgold, threatened against, relating to or involving or otherwise affecting Westgold, its subsidiaries.

Mutual Covenants

Each of the Parties have also agreed that, until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms, except as contemplated in the Arrangement Agreement:

- (a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to take, or cause to be taken, as promptly as practicable, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using its commercially reasonable efforts to cooperate with the other Parties in connection with the performance by it and its subsidiaries of their obligations under the Arrangement Agreement, including giving the other Parties a reasonable opportunity to review and comment on any filing or submission being made to a Governmental Entity in connection with the Regulatory Approvals, which comments the receiving Party shall give due consideration to, and providing the

other Parties with a final copy of any filing or submission made to a Governmental Entity (where a Party regards any information in a filing or submission to be both confidential and competitively sensitive, the supplying Party may restrict the supply of such information to the receiving Party's outside legal counsel only and such receiving Party shall not request or receive such information from its outside legal counsel without the supplying Party's written consent);

- (b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede the making or completion of the Plan of Arrangement except as permitted by the Arrangement Agreement; and
- (c) it shall use its commercially reasonable efforts to ensure that the Section 3(a)(10) Exemption is available for the issuance of the Share Consideration to the Karora Shareholders in exchange for their Karora Shares and Karora Class A Shares, as applicable, pursuant to the Plan of Arrangement.

Non-Solicitation Covenant

Each Party has covenanted and agreed that, except as permitted in accordance with the Arrangement Agreement, it shall not, and shall not authorize or permit any of its Representatives or its subsidiaries, directly or indirectly, to:

- (a) make, solicit, initiate, entertain, encourage, promote or facilitate, including by way of furnishing information, permitting any visit to its facilities or properties or entering into any form of agreement, arrangement or understanding, any inquiries or the making of any proposals regarding an Acquisition Proposal or that would reasonably be expected to constitute or lead to an Acquisition Proposal;
- (b) participate, directly or indirectly, in any discussions or negotiations regarding, or furnish to any person any information or otherwise cooperate with, respond to, assist or participate in any Acquisition Proposal or potential Acquisition Proposal, provided however that a Party may communicate and participate in discussions with a third party for the purpose of (i) clarifying the terms of any proposal in order to determine if it would reasonably be expected to result in a Superior Proposal, and (ii) advising such third party that an Acquisition Proposal does not constitute a Superior Proposal;
- (c) remain neutral with respect to, or agree to, approve or recommend any Acquisition Proposal or potential Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly disclosed Acquisition Proposal until five Business Days following formal announcement of such Acquisition Proposal shall not be considered to be a violation);
- (d) make a Change in Recommendation;
- (e) enter into any agreement, arrangement or understanding related to any Acquisition Proposal (other than a confidentiality agreement permitted pursuant to the Arrangement Agreement); or
- (f) make any public announcement to do any of the foregoing.

Each Party has covenanted that it shall, and shall and shall direct and cause its subsidiaries and Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, activity, discussion or negotiation with any parties that may be ongoing with respect to an Acquisition Proposal whether or not initiated by such Party, and each Party shall immediately discontinue access to, and disclosure of, all information regarding such Party and such Party's subsidiaries and promptly, and in any event within two Business Days, request the return or destruction of information regarding such Party and its respective subsidiaries previously provided to such parties and shall request the destruction of all materials including or incorporating any confidential information regarding such Party and its subsidiaries.

Each Party has further covenanted and agreed that (a) it shall use commercial best efforts to enforce each confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which it or a subsidiary is a party, and (b) neither it, nor its subsidiary nor any of their respective Representatives have released or shall, without the prior written consent of the other Party (which may be withheld or delayed at the other Party's sole and absolute discretion), release any person from, or waive, amend, suspend or otherwise modify, such person's obligations under any confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant to which it or its subsidiary is a party (it being acknowledged that the automatic termination or release of any such agreement, restriction or covenant, including as a result of entering into the Arrangement Agreement shall not be a violation).

If a Party or its subsidiary or their respective Representative (in this section, the "**Solicited Party**") receives of any inquiry, proposal or offer that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to such Solicited Party, including information, access or disclosure relating to the properties, facilities, books and records of such Solicited Party or any discussions or negotiations are sought to be initiated or continued with such Solicited Party in connection with an actual or potential Acquisition Proposal, the Solicited Party shall: (a) promptly notify the other Party, at first orally within 24 hours, and then promptly and in any event within 48 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all persons making the Acquisition Proposal, inquiry, proposal, offer or request, and copies of all written documents, material correspondence or other material received in respect of, from or on behalf of any such person; and (b) keep the other Party fully informed, on a prompt basis, of the status of all material developments with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any material changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall promptly provide to the other Party copies of all material correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material or substantive terms of such correspondence communicated to the Solicited Party by or on behalf of any person making such Acquisition Proposal, inquiry, proposal, offer or request.

The board of directors of a Solicited Party may, prior to the Karora Shareholder Approval having been obtained, consider, participate in any discussions or negotiations with and provide information to, any person who has delivered a written Acquisition Proposal which was not solicited or encouraged by the Solicited Party after the date of the Arrangement Agreement, if and only if:

- (a) the board of directors of the Solicited Party first determines in good faith, after consultation with its financial advisor and outside legal counsel, such Acquisition Proposal constitutes or would reasonably be expected to constitute a Superior Proposal;
- (b) such person making the Acquisition Proposal was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Solicited Party;
- (c) the Solicited Party has been and continues to be in compliance in all material respects with its obligations under the non-solicitation provisions of the Arrangement Agreement;
- (d) if the Solicited Party provides confidential non-public information to such person, the Solicited Party obtains a confidentiality and standstill agreement from the person making such Acquisition Proposal that is substantively the same as the confidentiality agreement between the Parties, and otherwise on terms no more favourable to such person than such confidentiality agreement, including a standstill provision at least as stringent as contained in such confidentiality agreement, provided, however, that such agreement shall not preclude such person from making an Acquisition Proposal or related communications to the Solicited Party and such agreement shall not restrict or prohibit the Solicited Party from disclosing to the other Party any details concerning the Acquisition Proposal or any Superior Proposal made by such person; and
- (e) prior to engaging in or participating in discussions or negotiations with such person regarding such Acquisition Proposal (excluding, for certainty, negotiations regarding the confidentiality agreement that do not relate to the terms and conditions of the Acquisition Proposal) or providing any such

copies, access or disclosure, the Solicited Party provides the other Party with: (i) written notice stating the Solicited Party's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure and that the board of directors of the Solicited Party has determined that failure to take such action would be inconsistent with its fiduciary duties; (ii) promptly, a copy of any such confidentiality agreement referred to in Section 7.2(d)(i) of the Arrangement Agreement upon its execution; and (iii) a list of the information provided to such person and is immediately provided with access to similar information to which such person was provided.

Each Party has covenanted that it shall ensure that its officers, directors and employees and its subsidiaries and their officers, directors, employees and any financial advisors or other advisors or Representatives retained by it are aware of the prohibitions set out in the non-solicitation provisions of the Arrangement Agreement and it shall be responsible for any breach of the non-solicitation provisions of the Arrangement Agreement by such officers, directors, employees, financial advisors or other advisors or Representatives. However, nothing contained in the Arrangement Agreement shall prohibit the Karora Board or the Westgold Board, as applicable, from:

- (a) responding through a directors' circular or otherwise making disclosure to Karora Shareholders or Westgold Shareholders as required by Law to an Acquisition Proposal, provided that to the extent practicable the applicable Party shall provide the other Party and its outside legal counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and shall consider all reasonable amendments as requested by the other Party and its counsel; or
- (b) calling and/or holding a meeting of Karora Shareholders or Westgold Shareholders, requisitioned in accordance with applicable Laws or taking any other action with respect to an Acquisition Proposal to the extent ordered or otherwise mandated by a Governmental Entity or court of competent jurisdiction in accordance with Law.

Right to Accept Superior Proposal and Right to Match

If a Party receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Karora Shareholder Approval having been obtained or, in the case of Westgold if the Westgold Shareholder Approval is required, prior to having obtained the Westgold Shareholder Approval, such Party (the "**Terminating Party**") may make a Change in Recommendation in respect of such Superior Proposal, may approve, recommend or enter into a definitive agreement with respect to such Superior Proposal and terminate the Arrangement Agreement if, and only if:

- (a) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, non-solicitation or similar agreement, restriction or covenant contained in any Contract entered into with the Terminating Party or a subsidiary of the Terminating Party;
- (b) the Terminating Party has been, and continues to be, in compliance with its obligations under the non-solicitation covenants in the Arrangement Agreement, other than an immaterial breach of Terminating Party's obligation to provide notice of an Acquisition Proposal to the other Party within a prescribed period;
- (c) the Terminating Party has provided the other Party with a copy of all documentation required pursuant to the Arrangement Agreement and a copy of the definitive agreement for the Superior Proposal (including any supporting agreements);
- (d) the Terminating Party has delivered to the other Party a written notice advising it that the Terminating Party's board of directors has resolved to make a Change in Recommendation or to terminate the Arrangement Agreement or to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal subject only to Section 7.3 of the Arrangement Agreement (including a notice as to the value in financial terms that the board of directors has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered under the Superior Proposal) (a "**Superior Proposal Notice**");

- For personal use only
- (e) at least five full Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the other Party received the Superior Proposal Notice and the date on which the other Party received all of the materials referred required pursuant to the Arrangement Agreement;
 - (f) during any Matching Period, the other Party has had the opportunity (but not the obligation), to offer to amend the Arrangement Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (g) after the Matching Period, the board of directors of the Terminating Party (i) has determined in good faith, after consultation with its outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended), and (ii) determined in good faith, after consultation with its outside legal counsel that the failure by the board of directors of the Terminating Party to approve, recommend or enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and
 - (h) prior to or concurrently with the entering into such definitive agreement or making a Change in Recommendation, the Terminating Party terminates the Arrangement Agreement and pays the Termination Fee of C\$40 million.

Each Party has covenanted that, during any Matching Period or such longer period as the Terminating Party may approve, in its sole discretion: (a) the other Party has the opportunity (but not the obligation) to offer to amend the Arrangement Agreement in order for such Acquisition Proposal to cease to be a Superior Proposal and the board of directors of the Terminating Party will review any written proposal to amend the terms of the Arrangement Agreement in good faith in order to determine, in the exercise of its fiduciary duties, whether the amended proposal would, upon acceptance by the Terminating Party, result in such Superior Proposal ceasing to be a Superior Proposal; and (b) the Terminating Party shall, and shall cause its Representatives to, negotiate in good faith with the other Party to make such mutually agreed amendments to the terms of the Arrangement Agreement and the Plan of Arrangement as would enable the other Party to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the board of directors of the Terminating Party so determines, the Terminating Party will enter into an amended agreement with the other Party reflecting the amended proposal as mutually agreed and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing. If the board of directors of the Terminating Party does not so determine, the Terminating Party may accept, approve, recommend or enter into an agreement, understanding or arrangement in respect of such Superior Proposal.

Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Terminating Party's securityholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal, and the other Party shall be afforded a new full five Business Day Matching Period from the later of the date on which the other Party received the Superior Proposal Notice and the date on which other Party received a copy of the proposed definitive agreement and all supporting materials with respect to each new Acquisition Proposal from the Terminating Party.

The board of the Terminating Party shall promptly reaffirm its recommendation of the Arrangement (which in the case of Karora shall be the Karora Board Recommendation) by news release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Terminating Party determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal constituting a Superior Proposal no longer being a Superior Proposal. The Terminating Party shall provide the other Party and its outside legal counsel with a reasonable opportunity to review the form and content of any such news release and shall make all reasonable amendments to such news release as requested by the other Party and its outside legal counsel.

If the Meeting is to be held during a Matching Period, Karora may, and shall at the request of Westgold, postpone or adjourn the Meeting to a date that is not more than fifteen (15) days after the scheduled date of the Meeting, but in any event the Meeting shall not be postponed or adjourned to a date that would prevent the Effective Date from occurring prior to the Outside Date. If, and to the extent that, the Westgold Shareholder Approval is required, Westgold shall be entitled to the same rights as Karora, *mutatis mutandis*.

Other Covenants

Alternative Transaction

If Westgold concludes that it is necessary or desirable to proceed with another form of transaction (such as a formal take-over bid or amalgamation) or amend the Arrangement (an "**Alternative Transaction**") whereby Westgold or its affiliates would continue to effectively acquire all of the Karora Shares within approximately the same time periods and on economic terms and other terms and conditions (including tax treatment) that are no less favourable than those contemplated by the Arrangement Agreement (an "**Alternative Transaction Conditions**"), Karora has agreed to consider such Alternative Transaction in good faith and if Karora determines, acting reasonably, that the Alternative Transaction Conditions are satisfied, it will support the completion of such Alternative Transaction in the same manner as the Arrangement and shall otherwise fulfill its covenants contained in the Arrangement Agreement in respect of such Alternative Transaction.

Pre-Closing Reorganization

Karora has agreed that, upon request of Westgold, Karora shall (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as Westgold may request, acting reasonably (each a "**Pre-Closing Reorganization**"), and (ii) cooperate with Westgold and its advisors to determine the nature of the Pre-Closing Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken; and (iii) cooperate with Westgold and its advisors to seek to obtain any consents, approvals, waivers or similar authorizations which are reasonably required by Westgold (based on the terms of any Contract or Permit) in connection with the Pre-Closing Reorganizations, if any.

However, Karora will not be obligated to participate in any Pre-Closing Reorganization unless such Pre-Closing Reorganization:

- (a) can be completed as close as reasonably practicable prior to the Effective Date, and can be unwound in the event the Arrangement is not consummated without adversely affecting Karora or any of its subsidiaries in any material manner;
- (b) is not prejudicial to Karora, any of its subsidiaries or the Karora Shareholders or the holders of Karora Options, Karora RSUs, Karora PSUs or Karora DSUs in any material respect (including any Taxes being imposed or adverse Tax consequences); or
- (c) does not impair the ability of Karora to consummate, and will not materially delay the consummation of, the Arrangement.

Westgold must provide written notice to Karora of any proposed Pre-Closing Reorganization at least ten (10) Business Days prior to the Effective Date. Upon receipt of such notice, Karora and Westgold shall work cooperatively and use their commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Closing Reorganization, including any amendment to the Arrangement Agreement or the Plan of Arrangement and shall seek to have any such Pre-Closing Reorganization made effective as of the last moment of the Business Day ending immediately prior to the Effective Date (but after Westgold has waived or confirmed that all of the conditions set out in Section 6.1 and Section 6.2 of the Arrangement Agreement have been satisfied).

Westgold has agreed that it will be responsible for all costs and expenses associated with any Pre-Closing Reorganization to be carried out at its request and shall indemnify and save harmless Karora and its affiliates and Representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result of any such Pre-Closing Reorganization (including in respect of any reversal, modification or termination of a Pre-Closing Reorganization) and that any Pre-Closing Reorganization will not be considered in determining whether a representation or warranty of Karora under the Arrangement Agreement has been breached (including where any such Pre-Closing Reorganization requires the consent of any third party under a Contract).

Organization of SpinCo

Karora has agreed that, prior to the Effective Date, it shall, and shall cause SpinCo to, enter into the SpinCo Contribution Agreement pursuant to which Karora shall transfer certain property and assets of Karora to SpinCo in accordance with the Plan of Arrangement as consideration for the issuance by SpinCo to Karora of shares of SpinCo (the "**SpinCo Reorganization**").

Karora and SpinCo have agreed to take, or cause to be taken, all actions and do, or cause to be done, all things reasonably necessary, proper or advisable to perform such actions necessary to effect the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) and the assumption of the Transferee Liabilities by SpinCo pursuant to the SpinCo Reorganization.

SpinCo shall reimburse Karora for all out-of-pocket costs, fees and expenses incurred by Karora, Westgold or AcquireCo in connection with SpinCo Reorganization, other than up to A\$500,000 in reasonable and documented legal and accounting fees incurred by Karora, Westgold or AcquireCo in relation to the structuring and implementation of the SpinCo Reorganization, and SpinCo shall indemnify and hold harmless Karora, Westgold or AcquireCo and their subsidiaries from and against any and all liabilities, losses, damages, claims, penalties, interests, awards, judgements and Taxes suffered or incurred by any of them in connection with or as a result of or arising directly or indirectly out of or in connection with the transfer of the fully paid ordinary shares of Kali held by Karora to SpinCo pursuant to the SpinCo Reorganization up to an aggregate of \$2,000,000. For the avoidance of doubt, any Taxes payable by SpinCo in connection with the transfer of the fully paid ordinary share of Kali held by Karora to SpinCo pursuant to the SpinCo Reorganization or otherwise shall be the responsibility of SpinCo up to an aggregate of \$2,000,000. Karora has agreed to apply available Canadian tax losses and pools as against any capital gain or other income arising on the transfer and assignment by Karora of its right to receive a tail payment under Section 2.3 of the Dumont equity purchase agreement dated July 21, 2020 between Karora and Arpent Inc.

Public Communications

Except as required by applicable Law, no Party shall issue any news release, make any filing with any Governmental Entity or Exchange, or make any other public statement or disclosure with respect to the Arrangement Agreement or the transactions contemplated thereby without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed); provided that, any Party that, in the opinion of outside legal counsel, is required to make disclosure by applicable Law shall use commercially reasonable efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on such disclosure (other than with respect to confidential information contained in such disclosure) and if such prior notice is not permitted by applicable Law, shall give such notice immediately following the making of such disclosure. The Party making such disclosure shall give reasonable consideration to any comments made by the other Parties or their counsel.

Insurance and Indemnification

Prior to the Effective Date, Karora shall, in consultation with Westgold, purchase customary "tail" or "run off" directors' and officers' liability insurance from an insurance company of nationally recognized standing providing protection no less favourable in the aggregate to the protection provided by the policies maintained by Karora and its subsidiaries which are in effect immediately prior to the Effective Time and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Time and Westgold shall, or shall cause Karora and its subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six years after the Effective Date; provided that Westgold shall not be required to pay any amounts in respect of such coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 250% of Karora's and its subsidiaries' current annual aggregate premium for directors' and officers' liability insurance policies currently maintained by Karora or its subsidiaries.

Westgold has acknowledged that the rights to indemnification or exculpation now existing in favour of present and former Employees, officers and directors of Karora and its subsidiaries under applicable Law, Contracts that are disclosed in the Karora Disclosure Letter or set forth in Karora's Constatng Documents, shall, in accordance with their terms, survive the completion of the Plan of Arrangement and shall continue in full force and effect for a period of not less than six years after the Effective Date.

Exchange Delisting and Listing of Westgold Shares

Subject to applicable Law, each of Karora and Westgold have agreed to use its commercially reasonable efforts and cooperate with the other Party in taking, or causing to be taken, all actions necessary to enable (a) the delisting of the Karora Shares from the Exchange (including, if requested by Westgold, such items as may be necessary to delist the Karora Shares on the Effective Date), (b) Karora to cease being a reporting issuer under applicable Canadian Securities Laws, in each case, as promptly as practicable following the Effective Time; and (c) the listing of Westgold and the Westgold Shares on the TSX on the Effective Date of the Arrangement.

FIRB Approval

Westgold has made or caused to be made an application for the FIRB Approval (the "**FIRB Application**") and has covenanted to:

- (a) use commercially reasonable efforts to pursue and take all reasonable steps to obtain the FIRB Approval and to otherwise satisfy the condition precedent set out in Section 6.1(j) of the Arrangement Agreement;
- (b) provide to Karora a copy of the FIRB Application;
- (c) respond in a timely manner to Karora's requests for updates as to the progress and processing of the FIRB Application; and
- (d) keep Karora informed in a timely manner of the progress of the FIRB Application and the status of any discussions or negotiations with FIRB in connection with the FIRB Application and/or the condition precedent set out in Section 6.1(j) of the Arrangement Agreement.

Karora has covenanted to:

- (a) promptly upon request by Westgold provide Westgold with such information reasonably available to Karora and as the Treasurer (or his delegate) may require for the purpose of considering the FIRB Application; and
- (b) promptly do all things reasonably required by Westgold to assist or allow Westgold to make the FIRB Application, including signing and returning as soon as reasonably practicable (but in any event, not later than 10 Business Days) after a written request from Westgold all documents, objections, submissions, consents, plans and/or applications requested by Westgold in connection with the FIRB Application.

Karora Guarantee

Karora has unconditionally and irrevocably guaranteed the due and punctual performance by SpinCo of each and every covenant and obligation of SpinCo arising under the Arrangement Agreement. Karora has agreed that Westgold shall not have to proceed first against SpinCo before exercising its rights under the guarantee against Karora, and Karora agreed to be jointly and severally liable with SpinCo for all guaranteed obligations as if it were the principal obligor of such obligations.

Westgold Guarantee

Westgold has unconditionally and irrevocably guaranteed the due and punctual performance by AcquireCo of each and every covenant and obligation of AcquireCo arising under the Arrangement Agreement. Westgold has agreed that Karora shall not have to proceed first against AcquireCo before exercising its rights under the guarantee against Westgold, and Westgold agreed to be jointly and severally liable with AcquireCo for all guaranteed obligations as if it were the principal obligor of such obligations.

For personal use only

Termination

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Agreement or the Arrangement Resolution by the Karora Shareholders or the Westgold Shareholders if the Westgold Shareholder Approval is required, or the approval of the Arrangement by the Court):

- (a) by mutual written agreement of Karora and Westgold; or
- (b) by either Karora or Westgold, if:
 - 1. the Effective Time has not occurred on or before the Outside Date, except that such right to terminate the Arrangement Agreement will not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties set forth in the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by the Outside Date; or
 - 2. after the date of the Arrangement Agreement, there shall be enacted, enforced, amended or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Karora or Westgold from consummating the Arrangement and such Law (if applicable) or enjoinder shall have become final and non-appealable provided that the Party seeking to terminate the Arrangement Agreement has used its commercially reasonable efforts, to, as applicable, prevent, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
 - 3. if the Westgold Shareholder Approval is required, the Westgold Shareholder Approval is not obtained at the Westgold Meeting (including any adjournment or postponement thereof) provided that a Party may not terminate the Arrangement Agreement if the failure to obtain the approval of the Westgold Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or
 - 4. the Karora Shareholder Approval is not obtained at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order provided that a Party may not terminate the Arrangement Agreement if the failure to obtain the approval of the Karora Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement;
- (c) by Westgold, if:
 - 1. the Karora Board makes a Change in Recommendation; or
 - 2. prior to the approval of the Arrangement Resolution at the Meeting, Westgold enters into a legally binding agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by and in accordance with Section 7.2(d) of the Arrangement Agreement), provided that concurrently with such termination, Westgold pays the Termination Fee to Karora; or
 - 3. subject to the notice and cure provisions of the Arrangement Agreement, Karora breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Westgold in the Arrangement Agreement not to be satisfied, and such conditions are incapable of being cured or satisfied by the Outside Date; provided that any Willful Breach shall be deemed to be incapable of being

For personal use only

cured and provided further that Westgold is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Karora set forth in the Arrangement Agreement not to be satisfied; or

4. Karora is in breach of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement, other than an immaterial breach of Karora's obligation to provide notice of an Acquisition Proposal to Westgold within a prescribed period; or
5. the Meeting has not occurred on or before July 31, 2024, provided that such right to terminate the Arrangement Agreement will not be available to Westgold if the failure by Westgold to fulfill any obligation under the Arrangement Agreement is the cause of, or results in, the failure of the Meeting to occur on or before such date; or
6. Karora enters into a legally binding agreement relating to a Superior Proposal (other than a confidentiality agreement permitted by and accordance with Section 7.2(d) of the Arrangement Agreement); or
7. there has occurred a Material Adverse Effect on Karora which is incapable of being cured on or prior to the Outside Date;

(d) by Karora, if:

1. the Westgold Shareholder Approval is required and the Westgold Board makes a Change in Recommendation; or
2. prior to the approval of the Arrangement Resolution at the Meeting, Karora enters into a legally binding agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by and accordance with Section 7.2(d) of the Arrangement Agreement), provided that concurrently with such termination, Karora pays the Termination Fee payable to Westgold; or
3. subject to the notice and cure provisions of the Arrangement Agreement, Westgold breaches any representation or warranty or fails to perform any covenant or agreement set forth in the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Karora in the Arrangement Agreement not to be satisfied, and such conditions are incapable of being cured or satisfied by the Outside Date; provided that any Willful Breach shall be deemed to be incapable of being cured and provided that Karora is not then in breach of the Arrangement Agreement so as to cause any of the mutual conditions precedent or the conditions precedent to the obligations of Westgold set forth in the Arrangement Agreement not to be satisfied; or
4. Westgold is in breach or in default of any of its non-solicitation obligations or covenants, other than an immaterial breach of Westgold's obligation to provide notice of an Acquisition Proposal to Karora within a prescribed period; or
5. if the Westgold Shareholder Approval is required, the Westgold Meeting has not occurred on or before July 31, 2024, provided that such right shall not be available to Karora if the failure by Karora to fulfil any obligation thereunder is the cause of, or results in, the failure of the Westgold Meeting to occur on or before such date; or

6. Westgold enters into a legally binding agreement relating to a Superior Proposal (other than a confidentiality agreement permitted by and in accordance with Section 7.2(d) of the Arrangement Agreement); or
7. there has occurred a Material Adverse Effect on Westgold which is incapable of being cured on or prior to the Outside Date.

The Party desiring to terminate the Arrangement Agreement must give notice of such termination to the other Parties.

Termination Fee and Expense Reimbursement

If any of the following events occur, Karora shall pay Westgold as consideration for the disposition by Karora of its rights under the Arrangement Agreement and the Plan of Arrangement (by wire transfer of immediately available funds) the Termination Fee of C\$40 million:

- (a) the Arrangement Agreement has been terminated by Westgold as a result of a Change in Recommendation by the Karora Board;
- (b) the Arrangement Agreement has been terminated by Westgold as a result of a breach or default on the part of Karora of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement other than an immaterial breach of Karora's obligation to provide notice of an Acquisition Proposal to Westgold within a prescribed period;
- (c) the Arrangement Agreement has been terminated by Westgold as a result of Karora entering into a legally binding agreement relating to a Superior Proposal;
- (d) the Arrangement Agreement has been terminated by Karora as a result of Karora entering into a legally binding agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by and in accordance with Section 7.2(d) of the Arrangement Agreement), provided that Karora pays the Termination Fee;
- (e) the Arrangement Agreement has been terminated by either Party in the event the Karora Shareholder Approval is not obtained at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order (unless failure to obtain the approval of the Karora Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement), if at such time Westgold is entitled to terminate the Arrangement Agreement as a result of a Change in Recommendation by the Karora Board;
- (f) each of the following has occurred:
 1. the Arrangement Agreement has been terminated by:
 - (a) either Karora or Westgold as a result of the failure to complete the Arrangement by the Outside Date or the failure to obtain the Karora Shareholder Approval at the Meeting, or
 - (b) Westgold as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Karora under the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Westgold in the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the notice and cure provisions of the Arrangement Agreement; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Westgold is

For personal use only

not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Karora set forth in the Arrangement Agreement not to be satisfied;

2. prior to the earlier of the termination of the Arrangement Agreement or the holding of the Meeting, a *bona fide* Acquisition Proposal, with respect to Karora shall have been made to Karora or publicly announced by any person (other than Westgold or any of its affiliates) and not withdrawn prior to the earlier of the termination of the Arrangement Agreement or the Meeting; and
3. within 12 months following the date of such termination (including on the date of such termination) Karora or one or more of its subsidiaries, directly or indirectly, in one or more transactions, enters into an agreement in respect of any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) and such Acquisition Proposal is later consummated or effected within 12 months after such termination;

provided that, for the purposes of this paragraph, all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%" and Karora shall be entitled to deduct from the Termination Fee an amount equal to the Expense Fee paid to Westgold, if any.

If any of the following events occur, Westgold shall pay Karora as consideration for the disposition by Westgold of its rights under the Arrangement Agreement and the Plan of Arrangement (by wire transfer of immediately available funds) the Termination Fee of C\$40 million:

- (a) the Arrangement Agreement has been terminated by Karora as a result of a Change in Recommendation by the Westgold Board, if applicable;
- (b) the Arrangement Agreement has been terminated by Karora as a result of a breach or default on the part of Westgold of any of its obligations or covenants set forth in the non-solicitation provisions of the Arrangement Agreement other than an immaterial breach of Westgold's obligation to provide notice of an Acquisition Proposal to Karora within a prescribed period;
- (c) the Arrangement Agreement has been terminated by Karora as a result of Westgold entering into a legally binding agreement relating to a Superior Proposal;
- (d) the Arrangement Agreement has been terminated by Westgold as a result of Westgold entering into a legally binding agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by and in accordance with Section 7.2(d) of the Arrangement Agreement), provided that Westgold pays the Termination Fee;
- (e) the Arrangement Agreement has been terminated by either Party in the event the Westgold Shareholder Approval is not obtained at the Westgold Meeting (including any adjournment or postponement thereof), if applicable, (unless failure to obtain the approval of the Westgold Shareholders has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement), if at such time Karora is entitled to terminate the Arrangement Agreement as a result of a Change in Recommendation by the Westgold Board;
- (f) each of the following has occurred:
 1. the Arrangement Agreement has been terminated by:

2. either Westgold or Karora as a result of the failure to complete the Arrangement by the Outside Date or the failure to obtain the Westgold Shareholder Approval at the Westgold Meeting, if applicable, or
3. Karora as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Westgold under the Arrangement Agreement (other than as set forth in the non-solicitation provisions of the Arrangement Agreement), which breach would cause the mutual conditions precedent or the conditions precedent to the obligations of Karora in the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the notice and cure provisions of the Arrangement Agreement; provided that any Willful Breach shall be deemed to be incapable of being cured and provided further that Karora is not then in breach of the Arrangement Agreement so as to directly or indirectly cause any of the mutual conditions precedent or the conditions precedent to the obligations of Westgold set forth in the Arrangement Agreement not to be satisfied;
4. prior to the earlier of the termination of the Arrangement Agreement or the holding of the Westgold Meeting, a *bona fide* Acquisition Proposal, with respect to Westgold shall have been made to Westgold or publicly announced by any person (other than Karora or any of its affiliates) and not withdrawn prior to the earlier of the termination of the Arrangement Agreement or the Westgold Meeting; and
5. within 12 months following the date of such termination (including on the date of such termination) Westgold or one or more of its subsidiaries, directly or indirectly, in one or more transactions, enters into an agreement in respect of any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) and such Acquisition Proposal is later consummated or effected within 12 months after such termination;

provided that, for the purposes of this paragraph, all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%" and Westgold shall be entitled to deduct from the Termination Fee an amount equal to the Expense Fee paid to Karora, if any.

Karora shall pay to Westgold an expense reimbursement fee in the amount of \$2 million in the event that the Arrangement Agreement is terminated by Westgold as a result of (i) the breach of any representation or warranty or the failure to perform any covenant or agreement on the part of Karora under the Arrangement Agreement, provided that Westgold is not then in breach of the Arrangement Agreement, or (ii) the failure to obtain the Karora Shareholder Approval at the Meeting.

Westgold shall pay to Karora an expense reimbursement fee in the amount of \$2 million in the event that the Arrangement Agreement is terminated by Karora as a result of (i) the breach of any representation or warranty or the failure to perform any covenant or agreement on the part of Westgold under the Arrangement Agreement, provided that Karora is not then in breach of the Arrangement Agreement, or (ii) the failure to obtain the Westgold Shareholder Approval at the Westgold Meeting, if applicable.

Amendment

Subject to the Interim Order, the Final Order and applicable Law, the Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time, before or after the Meeting but not later than the Effective Time, be amended by mutual written agreement of Karora and Westgold, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant hereto;

- (c) waive compliance with or modify any of the covenants in the Arrangement Agreement contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

Waiver

Any Party may:

- (a) extend the time for the performance of any of the obligations or acts of the other Party;
- (b) except as otherwise provided in the Arrangement Agreement, waive compliance with any of the other Party's agreements or the fulfilment of any conditions precedent to its own obligations contained in the Arrangement Agreement; or
- (c) waive inaccuracies in any of the other Party's representations or warranties contained in the Arrangement Agreement or in any document delivered by the other Party;

provided that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

PART 9. DESJARDINS FAIRNESS OPINION

On April 7, 2024, the Special Committee engaged Desjardins as its independent financial advisor. In connection with this engagement, the Special Committee requested that Desjardins render an opinion to the Special Committee as to the fairness, from a financial point of view, of the Consideration to be received by Karora Shareholders pursuant to the Arrangement. On April 7, 2024, the Special Committee held a meeting to evaluate the Arrangement, at which Desjardins rendered an oral opinion, which was subsequently confirmed in writing to the Special Committee, that, as of April 7, 2024 and subject to the assumptions, limitations and qualifications contained in the Desjardins Fairness Opinion, the Consideration to be received by Karora Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Karora Shareholders.

Desjardins was engaged by the Special Committee as the independent financial advisor to the Special Committee to provide the Special Committee with financial advisory services in connection with the Arrangement. Neither Desjardins, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the Securities Laws) of Karora, Westgold, SpinCo, AcquireCo or any of their respective associates or affiliates. Pursuant to the terms of the Desjardins Engagement Letter, Desjardins is to be paid a fixed fee for its services, including rendering the Desjardins Fairness Opinion. The fee is not contingent on whether or not the Desjardins Fairness Opinion was favourable or whether the transaction to which the Desjardins Fairness Opinion relates is completed. In addition, the Corporation has agreed to reimburse Desjardins for its reasonable out-of-pocket expenses and to indemnify Desjardins for certain liabilities that may arise out of its engagement.

The full text of the Desjardins Fairness Opinion, which also describes the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken, is attached as Appendix G to this Circular. The description of the Desjardins Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Desjardins Fairness Opinion, which is incorporated by reference herein in its entirety. Karora Shareholders are urged to read the Desjardins Fairness Opinion in its entirety. The Desjardins Fairness Opinion was for the benefit of the Special Committee in connection with its evaluation of the Arrangement and did not address any terms or other aspects of the Arrangement other than the Consideration to be received by Karora Shareholders to the extent expressly specified in the Desjardins Fairness Opinion. The Desjardins Fairness Opinion was one of a number of factors taken into consideration by the Special Committee in making its unanimous determination that the Arrangement is in the best interests of the Corporation and is fair to the Karora Shareholders. The Desjardins Fairness Opinion did

not address the relative merits of the Arrangement as compared to any other transaction or business strategy in which Karora might engage or the merits of the underlying decision by Karora to engage in the Arrangement. The Desjardins Fairness Opinion is not intended to be and does not constitute a recommendation to the Special Committee as to whether it should approve or recommend the Arrangement Agreement or the Arrangement, nor is it a recommendation to any Karora Shareholder as to how any such Karora Shareholder should vote or act with respect to the Arrangement or any matter relating thereto, or as an opinion concerning the trading price or value of any securities of Karora, Westgold or SpinCo following the announcement or completion of the Arrangement. The Desjardins Fairness Opinion may not be published, relied upon by any other person, or used for any other purpose, without the prior written consent of Desjardins.

PART 10. HAYWOOD FAIRNESS OPINION

Karora and the Karora Board engaged Haywood as financial advisor pursuant to the Haywood Engagement Letter to provide Karora and the Karora Board with financial advisory services in connection with the Arrangement. In connection with this engagement, Karora and the Karora Board requested that Haywood deliver an opinion to the Karora Board as to the fairness, from a financial point of view, of the Consideration to be received by Karora Shareholders pursuant to the Arrangement. Haywood delivered a written opinion to the Karora Board that, as of April 7, 2024 and subject to the assumptions, limitations and qualifications contained in the Haywood Fairness Opinion, the Consideration to be received by Karora Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Karora Shareholders.

Haywood was retained by the Karora Board pursuant to a formal engagement agreement effective April 7, 2024. Under the terms of the engagement, Haywood is being paid a fixed fee for delivery to the Karora Board of the Haywood Fairness Opinion, whether or not the Arrangement is completed, and will be paid a completion fee that is contingent upon the completion of the Arrangement pursuant to a financial advisory agreement effective April 7, 2024. In addition, the Corporation has agreed to reimburse Haywood for all of its reasonable out-of-pocket expenses incurred in respect of its engagement (including the reasonable fees and disbursements of its legal counsel) and to indemnify Haywood (and other parties) against certain liabilities which may arise out of its engagement.

In the ordinary course of business and unrelated to the Arrangement, (i) Haywood has previously provided financial advisory services to Karora including in connection with the Karora Senior Facility, (ii) in June 2022, Haywood acted as co-lead underwriter and sole bookrunner in connection with a bought deal prospectus offering of Karora Shares for gross proceeds of C\$69 million. The fees payable to Haywood and its affiliates in connection with the foregoing are not financially material to Haywood and its affiliates.

The full text of the written Haywood Fairness Opinion setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken by Haywood in connection with the Haywood Fairness Opinion is attached as Appendix H to this Circular. Haywood provided the Haywood Fairness Opinion exclusively for the use of the Karora Board in connection with the Arrangement. The Haywood Fairness Opinion may not be published, relied upon by any other person, or used for any other purpose, without the prior written consent of Haywood, which consent has been obtained for the purposes of the Haywood Fairness Opinion's inclusion in this Circular. The Haywood Fairness Opinion was not intended to be and does not constitute a recommendation to the Special Committee or the Karora Board as to whether it should approve the Arrangement Agreement or the Arrangement, nor is it a recommendation to any Karora Shareholder as to how to vote or act at the Meeting or as an opinion concerning the trading price or value of any securities of Karora, Westgold or SpinCo following the announcement or completion of the Arrangement. The Haywood Fairness Opinion was one of a number of factors taken into consideration by the Special Committee and the Karora Board, as applicable, in making their unanimous determinations that the Arrangement is in the best interests of the Corporation and is fair to the Karora Shareholders and to recommend that Karora Shareholders vote in favour of the Arrangement Resolution. Karora Shareholders are urged to read the Haywood Fairness Opinion in its entirety. This summary of the Haywood Fairness Opinion is qualified in its entirety by the full text of the Haywood Fairness Opinion attached as Appendix H to this Circular.

PART 11. CORMARK FAIRNESS OPINION

Karora and the Karora Board engaged Cormark as non-exclusive financial advisor pursuant to the Cormark Engagement Letter to provide Karora and the Karora Board with financial advisory services in connection with the Arrangement. In connection with this engagement, Karora and the Karora Board requested that Cormark provide an opinion to the Karora Board as to the fairness, from a financial point of view, of the Consideration to be received by the Karora Shareholders pursuant to the Arrangement. On April 7, 2024, the Special Committee and the Karora Board held a meeting to evaluate the Arrangement. At this meeting, Cormark delivered an oral opinion to the Karora Board to the effect that, as of April 7, 2024, and subject to the assumptions, limitations and qualifications contained in such opinion, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Karora Shareholders. This oral opinion was subsequently confirmed by delivery of the written Cormark Fairness Opinion.

Pursuant to the Cormark Engagement Letter, Cormark was paid a fixed fee for delivery to the Karora Board of the Cormark Fairness Opinion that was not contingent in whole or in part on the success or completion of the Arrangement or the conclusions reached in the Cormark Fairness Opinion and will be paid a separate completion fee that is contingent upon the completion of the Arrangement. In addition, in the event the Arrangement is not consummated and Karora receives the Termination Fee, Cormark will be entitled to 50% of the completion fee. In addition, Karora has agreed to reimburse Cormark for all of its reasonable out-of-pocket expenses incurred in respect of its engagement (including the reasonable fees and disbursements of its legal counsel), whether or not the Arrangement is completed, and to indemnify Cormark (and certain other parties) against certain potential liabilities and expenses arising from its engagement. The fees paid to Cormark pursuant to the Cormark Engagement Letter are not financially material to Cormark.

Cormark acts as a trader and dealer, both as principal and agent, in the financial markets in Canada and elsewhere and, as such, it and its affiliates may have had and may have positions in the securities of Karora and/or Westgold from time to time. As an investment dealer, Cormark conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to Karora and/or Westgold or with respect to the Arrangement.

The full text of the written Cormark Fairness Opinion setting out the scope of review undertaken, assumptions made, matters considered, procedures followed and limitations and qualifications thereof is attached as Appendix I to this Circular. Cormark provided the Cormark Fairness Opinion to the Karora Board for its exclusive use only in considering the Arrangement. The Cormark Fairness Opinion may not be published, relied upon by any other person, or used for any other purpose, without the prior written consent of Cormark, which consent has been obtained for the purposes of the Cormark Fairness Opinion's inclusion in this Circular. The Cormark Fairness Opinion does not address the relative merits of the Arrangement as compared to any other transaction or business strategy in which Karora might engage or the merits of the underlying decision by Karora to engage in the Arrangement. The Cormark Fairness Opinion does not and should not be construed as a recommendation to the Karora Board to approve the Arrangement, nor is it a recommendation to any Karora Shareholder as to how to vote or act at the Meeting or as advice as to the price at which the Karora Shares, the Westgold Shares or the SpinCo Shares may trade or the value of Karora, Westgold or SpinCo (or any of their respective affiliates) or their respective assets, liabilities or securities at any future date. The Cormark Fairness Opinion was one of a number of factors taken into consideration by the Special Committee and the Karora Board, as applicable, in making their unanimous determinations that the Arrangement is in the best interests of the Corporation and is fair to the Karora Shareholders and to recommend that Karora Shareholders vote in favour of the Arrangement Resolution. Karora Shareholders are urged to read the Cormark Fairness Opinion in its entirety. This summary of the Cormark Fairness Opinion is qualified in its entirety by the full text of the Cormark Fairness Opinion attached as Appendix I to this Circular.

PART 12. SECURITIES LAW MATTERS

The following is a brief summary of the securities law considerations applicable to the Arrangement and transactions contemplated thereby. This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular Karora Shareholder. This summary does not include any information regarding securities law considerations for jurisdictions other than Canada, the United States and Australia. Karora

Shareholders are urged to obtain independent advice in respect of the consequences to them of the Arrangement having regard to their particular circumstances.

Canadian Securities Law Matters

Each Karora Shareholder is urged to consult his, her or its professional advisors to determine the Canadian conditions and restrictions applicable to trades in Westgold Shares or SpinCo Shares.

Status under Canadian Securities Laws

Karora is a reporting issuer in each of the provinces of Canada. The Karora Shares currently trade on the TSX. Following the completion of the Arrangement, the Karora Shares will be delisted from the TSX (anticipated to be effective two or three Business Days following the Effective Date) and Westgold expects to apply to the applicable Canadian securities regulators to have Karora cease to be a reporting issuer.

Westgold is an Australian listed public company. Westgold Shares are listed and posted for trading on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXRF". Westgold Shares are currently tradeable on the ASX. Westgold has applied for its Westgold Shares to be listed on the TSX. It is a condition to the completion of the Arrangement that both the TSX and ASX shall have conditionally approved (or provided equivalent approval for) the listing thereon of the Westgold Shares issuable under the Arrangement, subject only to satisfying the customary listing conditions of the TSX and the ASX as applicable. Westgold will, upon completion of the Arrangement, be required to comply with Canadian statutory financial and other continuous and timely reporting requirements, including the requirement for insiders of Westgold to file reports with respect to trades of Westgold securities.

Upon completion of the Arrangement, it is expected that SpinCo will become a reporting issuer in all of the provinces of Canada and will become subject to informational reporting requirements under applicable Canadian securities laws. Karora and SpinCo have applied to the TSXV to have the SpinCo Shares listed on the TSXV effective upon the issuance of the SpinCo Shares pursuant to the Arrangement, however it is not a condition to the completion of the Arrangement that the SpinCo Shares be listed. SpinCo Shares to be issued to Karora Shareholders pursuant to the Arrangement may be subject to certain trading restrictions under applicable U.S. securities laws. Further information applicable to Karora Shareholders in the United States is disclosed under the heading "*Part 2 – Notice to Securityholders in the United States*" of this Circular.

Distribution and Resale of Westgold Shares and/or SpinCo Shares under Canadian Securities Laws

The distribution of the Westgold Shares and SpinCo Shares pursuant to the Arrangement will constitute distributions of securities that are exempt from the prospectus requirements of applicable Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable Canadian securities legislation. The Westgold Shares and SpinCo Shares received pursuant to the Arrangement will not be legended and may be resold in each of the provinces of Canada provided that: (i) the trade is not a "control distribution" (as defined in NI 45-102); (ii) no unusual effort is made to prepare the market or to create a demand for Westgold Shares or SpinCo Shares, as applicable; (iii) no extraordinary commission or consideration is paid to a person in respect of such sale; and (iv) if the selling securityholder is an insider or officer of Westgold or SpinCo, as applicable, the selling securityholder has no reasonable grounds to believe that Westgold or SpinCo, as applicable, is in default of applicable Canadian securities laws.

MI 61-101 Protection of Minority Security Holders in Special Transactions

In considering the unanimous recommendation of the Karora Board with respect to the Arrangement, Karora Shareholders are advised that certain members of Karora Management and the Karora Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement. In particular, certain officers and other employees of the Corporation have double trigger "change of control" provisions (also referred to as "change-in-control" provisions) as part of their employment agreements with the Corporation. Upon completion of the Arrangement, such officers and employees will be entitled to change of control payments pursuant to their respective employment or consulting agreements, as applicable, in the event the officer's employment is terminated during the six-month period following such change of control (including by constructive dismissal). These payments may be considered "collateral benefits" for the purposes of MI 61-101.

For personal use only

See "Part 7 – The Arrangement – Interests of Certain Persons in the Arrangement" and "Part 7 – The Arrangement – MI 61-101 Protection of Minority Security Holders in Special Transactions" of this Circular.

United States Securities Laws Matters

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Karora Shareholders. All Karora Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of Westgold Shares or SpinCo Shares to be received pursuant to the Arrangement complies with applicable securities legislation.

Further information applicable to Karora Securityholders in the United States is disclosed under the heading "Part 2 – Notice to Securityholders in the United States" of this Circular.

The following discussion does not address the Canadian securities laws that will apply to the issue of Westgold Shares or SpinCo Shares or the resale of these securities within Canada by Karora Shareholders. Karora Shareholders reselling their Westgold Shares or SpinCo Shares in Canada must, in addition to complying with U.S. securities laws, comply with all applicable Canadian securities laws. See "Part 12 – Securities Law Matters – Canadian Securities Law Matters – Distribution and Resale of Westgold Shares and/or SpinCo Shares under Canadian Securities Laws" of this Circular.

Exemption from the Registration Requirements of the U.S. Securities Act

The Westgold Shares and the SpinCo Shares forming the part of the Consideration to be received by Karora Securityholders pursuant to the Arrangement, as well as the Karora Class A Shares to be issued pursuant to the Arrangement, will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act and exemptions from or qualifications under the registration requirements under the securities laws of applicable states of the United States. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more *bona fide* outstanding securities, or partly in such exchange and partly for cash, from the registration requirements of the U.S. Securities Act, where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and have received timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on June 14, 2024, and, subject to the approval of the Arrangement by the Karora Shareholders, a hearing for a Final Order approving the Arrangement is currently anticipated to take place on July 24, 2024 at 11:00 a.m. (Toronto time) or as soon after that time as the application may be heard. Any Karora Securityholder entitled to receive Karora Class A Shares, SpinCo Shares or Westgold Shares, pursuant to the Arrangement is entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Westgold Shares and the SpinCo Shares issued as part of the Consideration to be received by Karora Securityholders in exchange for their Karora Shares pursuant to the Arrangement, as well as the Karora Class A Shares to be issued to Karora Securityholders pursuant to the Arrangement.

Resales of Westgold Shares After the Effective Date

The Westgold Shares to be received by Karora Securityholders as part of the Consideration pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are, or were within 90 days of the Effective Date, "affiliates" of Westgold. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Resale of Westgold Shares by such affiliate (or, if applicable, former affiliates) may be subject to additional restrictions under applicable U.S. securities laws absent an exemption such as Rule 144 or Rule 904 of Regulation S.

For personal use only

Resales of SpinCo Shares After the Effective Date

The SpinCo Shares to be received by Karora Securityholders as part of the Consideration pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are, or were within 90 days of the Effective Date, "affiliates" of SpinCo.

Any resale of SpinCo Shares by such an affiliate (or, if applicable, former affiliate) may be subject to additional restrictions under the U.S. Securities Act, absent an exemption therefrom such as Rule 144 or Rule 904 of Regulation S.

Resales by Affiliates after the Completion of the Arrangement

Affiliates – Rule 144

In general, under Rule 144, persons who are, or were within 90 days of the Effective Date, "affiliates" of Westgold or SpinCo will be entitled to sell the Westgold Shares or SpinCo Shares, as applicable, that they receive in connection with the Arrangement, provided that the number of such securities sold during any three-month period does not exceed the greater of 1% of the then outstanding securities of such class or, if such securities are listed on a United States national securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on the manner of sale, notice requirements, aggregation rules and the availability of current public information about Westgold or SpinCo, as applicable. Persons who are "affiliates" of Westgold or SpinCo after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they are, or have been within the preceding three months been, "affiliates" of such entity.

Affiliates – Regulation S

In general, under Rule 904 of Regulation S, persons who are not "affiliates" of Westgold or SpinCo, as applicable, following the Effective Date, or who are such "affiliates" solely by virtue of their status as an officer or director of Westgold or SpinCo, as applicable, may sell their the Westgold Shares or SpinCo Shares, as applicable, outside the United States in an "offshore transaction" as defined in Regulation S (which would generally include a sale through the TSX, the TSXV or the ASX, if applicable, that was not prearranged with a United States buyer) if neither the seller, an affiliate of the seller nor any person acting on any of their behalf engages in "directed selling efforts" in the United States and provided that no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. For purposes of Regulation S, "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Certain additional restrictions, set forth in Rule 903 of Regulation S, are applicable to sales outside the United States by a holder of Westgold Shares or SpinCo Shares who is an "affiliate" of such entity other than solely by virtue of his or her status as an officer or director of such entity.

United States Reporting Obligations and Trading Market of Karora

The Karora Shares currently trade on the TSX but are not listed on a U.S. stock exchange, and Karora does not have any reporting obligations under the U.S. Exchange Act. The Karora Shares are currently quoted in the United States on the OTCQX under the trading symbol "KRRGF". It is expected that such quotation will be terminated in connection with the completion of the Arrangement.

United States Reporting Obligations and Trading Market of SpinCo

Immediately following the Arrangement, SpinCo does not expect to be a reporting company under the U.S. Exchange Act. SpinCo has applied to list the SpinCo Shares on the TSXV, but no assurance can be provided that such listing will be approved or will occur. As of the date of this Circular, SpinCo has not applied for a quotation of the SpinCo Shares in the United States on either the OTCQX or the OTCQB.

For personal use only

United States Reporting Obligations and Trading Market of Westgold

The Westgold Shares currently trade on the ASX but are not listed on a U.S. stock exchange, and Westgold does not have any reporting obligations under the U.S. Exchange Act. The Westgold Shares are currently quoted in the United States on the OTCQX under the trading symbol "WGXRFB".

Australian Securities Law Matters

Sections 707(3) and 707(4) of the Corporations Act require Westgold to make disclosure under Part 6D.2 of the Corporations Act if any Westgold Shares issued to Karora Shareholders under the Arrangement are to be sold within 12 months of their issue. However, Westgold has obtained in-principle relief from this requirement from ASIC so that Karora Shareholders who receive Westgold Shares under the Arrangement may freely trade their Westgold Shares within Australia (including on the ASX) without the need for such disclosure under Part 6D.2.

Listing on the ASX

Westgold Shares are listed and posted for trading on the ASX under the symbol "WGXB" and quoted on the OTCQX Best Market under the symbol "WGXRFB". Westgold will apply for quotation of the Westgold Shares issuable by Westgold under the Arrangement on the ASX. Westgold has obtained a waiver from ASX Listing Rule 7.1 to permit the issue of Westgold Shares to Karora Shareholders pursuant to the Arrangement without Westgold Shareholder Approval. Westgold has obtained in-principle relief from ASIC to permit the on-sale of the Westgold Shares issued under the Arrangement within 12 months from their date of issue without requiring a disclosure document to be lodged in accordance with sections 707(3) and (4) of the Corporations Act.

Transfer of Kali Shares

Under the Arrangement, pursuant to the Plan of Arrangement, the SpinCo Contribution Agreement and the related agreements contemplated by the Plan of Arrangement, Karora will transfer, subject to receipt of all key regulatory and third party consents and approvals, the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for SpinCo Shares. The Transferred Assets include Karora's existing approximately 22.1% interest in Kali, an Australian publicly listed company. The majority of the ordinary shares of Kali held by Karora are "restricted securities" that are subject to the escrow requirements set out in Chapter 9 of the ASX Listing Rules. The terms and period of escrow are prescribed in the ASX Listing Rules. Once in place, ASX escrow cannot be varied or terminated except with a waiver from ASX. It is a condition precedent to the Arrangement that a waiver from the ASX be obtained in relation to the transfer of any restricted securities in Kali to SpinCo pursuant to the SpinCo Contribution Agreement, including a waiver from the escrow requirements of the ASX to permit the transfer of the ordinary shares of Kali from Karora to SpinCo, or the approval of the ASX to allow Karora to transfer the ordinary shares of Kali to SpinCo for nominal consideration upon the expiry of the applicable escrow period. There is no guarantee that such waiver will be obtained. In the event that Kali is unable to obtain such a waiver or approval from the ASX prior to the Effective Date, Karora, SpinCo and Westgold agree to work in good faith on an alternative transaction such that SpinCo receives an economically equivalent value for the shares of Kali, including a cash payment from Karora to SpinCo in lieu of such shares of Kali. See "*Appendix N – Information Concerning SpinCo – General Development of SpinCo's Business – Business of SpinCo*" to this Circular.

PART 13. REGULATORY MATTERS

It is a condition to the completion of the Arrangement that each of the Key Regulatory Approvals will have been received by the Parties.

Listing of the Westgold Shares

It is a condition of the Arrangement that the TSX and the ASX shall have approved for listing and posted for trading (or provided equivalent approvals), subject only to satisfaction of the standard listing conditions, as applicable, the Westgold Shares forming part of the Consideration, at the Effective Time. Westgold Shares are currently quoted on the ASX. Westgold has applied for its Westgold Shares to be listed on the TSX. In the case of the TSX, listing is

subject to the approval of the TSX in accordance with its original listing requirements, and there is no assurance that the TSX will approve the listing application.

Although Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV, it is not a condition to the completion of the Arrangement that the TSXV approve the listing of the SpinCo Shares. Listing is subject to the approval of the TSXV in accordance with its initial listing requirements. As of the date of this Circular, the TSXV has not conditionally approved the listing of the SpinCo Shares on the TSXV, and there can be no assurance that the TSXV will approve the listing application. The closing of the Arrangement is not conditional on the TSXV approving the listing of the SpinCo Shares.

Other Regulatory Approvals

In addition to the approval for the listing of the Westgold Shares and obtaining the necessary waivers and/or relief from the ASX and ASIC as described above, the remaining Key Regulatory Approvals required by the Arrangement Agreement consist of the FIRB Approval.

Other than the necessary approvals and/or waivers of the TSX, the TSXV, ASIC and the ASX, the other Key Regulatory Approvals referred to above, and the need to obtain the Final Order from the Court prior to the completion of the Arrangement, Karora is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Karora currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date. Subject to approval of the Arrangement Resolution at the Meeting in accordance with the Interim Order, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, the Effective Date is expected to occur in July of 2024. In no event shall the Effective Date be later than September 30, 2024, unless otherwise agreed to between Karora and Westgold, provided that if the Effective Date has not occurred by September 30, 2024 as a result of the failure to obtain the FIRB Approval, then either Westgold or Karora may elect to extend such date by up to 60 days subject to the terms of the Arrangement Agreement. On the Effective Date, upon completion of the Arrangement, Karora and Westgold will publicly announce that the Arrangement has been implemented.

PART 14. STOCK EXCHANGE DE-LISTING AND REPORTING ISSUER STATUS

The Karora Shares are currently listed and posted for trading on the TSX under the symbol "KRR". It is expected that following the completion of the Arrangement the Karora Shares will be de-listed from the TSX, subject to the rules of the TSX.

The Corporation will also seek a ruling of applicable Canadian securities regulators that upon the completion of the Arrangement the Corporation will cease to be a reporting issuer under applicable Canadian Securities Laws.

PART 15. DISSENT RIGHTS

The Interim Order provides that Registered Karora Shareholders entitled to vote on the Arrangement Resolution may exercise Dissent Rights with respect to their Karora Shares in connection with the Arrangement, pursuant to and in the manner set forth in section 190 of the CBCA as modified by the Interim Order, the Final Order and the Plan of Arrangement. A Dissenting Shareholder who validly exercises Dissent Rights in respect of his, her or its Karora Shares and who has not withdrawn, or been deemed to have withdrawn, such exercise of Dissent Rights is entitled, upon the Arrangement becoming effective, to be paid the fair value of such Karora Shares.

Holders of Karora RSUs, Karora PSUs or Karora DSUs will not be entitled to exercise Dissent Rights in respect of the Karora Shares to be issued to them under the Arrangement upon the redemption of their Karora RSUs, Karora PSUs or Karora DSUs, as applicable.

The following is a summary of a Registered Karora Shareholder's Dissent Rights in respect of the Arrangement Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Karora Shareholder

who wishes to exercise Dissent Rights, and is qualified in its entirety by reference to the full text of Section 190 of the CBCA (which is attached to this Circular as Appendix J), as modified and supplemented by the Plan of Arrangement (which is attached to this Circular as Appendix D), the Interim Order (which is attached to this Circular as Appendix E) and the Final Order. The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

The following summary does not purport to constitute a comprehensive summary of the procedures to be followed by a Dissenting Shareholder seeking to exercise Dissent Rights. The statutory provisions dealing with the right of dissent are technical and complex. A Karora Shareholder whose wishes to exercise Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Section 190 of the CBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of all Dissent Rights.

Pursuant to the Interim Order, a Registered Karora Shareholder may exercise Dissent Rights in connection with the Arrangement. To exercise Dissent Rights, a Karora Shareholder must dissent with respect to all Karora Shares of which he, she or it is the registered and beneficial owner.

Dissent Rights may only be exercised by Registered Karora Shareholders. Accordingly, a Non-Registered Karora Shareholder who wishes to dissent with respect to his, her or its Karora Shares will need to rely on and cause the intermediary who holds such Karora Shares as nominee for the Non-Registered Karora Shareholder to exercise the Dissent Rights on behalf of the Non-Registered Karora Shareholder.

A Registered Karora Shareholder who wishes to dissent must deliver a written objection to Karora, which must strictly comply with the requirements of Section 190 of the CBCA, as modified and supplemented by the Interim Order, the Plan of Arrangement and the Final Order. **Voting against the Arrangement Resolution or abstaining from voting on the Arrangement Resolution does not satisfy the objection requirements under Section 190 of the CBCA.** Notwithstanding Section 190(5) of the CBCA, the Plan of Arrangement provides that the written objection to the Arrangement Resolution must be received by Karora, c/o Bennett Jones LLP at 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Attention: Abbas Ali Khan, not later than 5:00 p.m. (Toronto time) on July 17, 2024, being the Business Day that is two Business Days preceding the date of the Meeting. A Non-Registered Karora Shareholder who wishes to exercise Dissent Rights must cause each Registered Karora Shareholder holding their Karora Shares to deliver the written objection referred to above to Karora on their behalf, in accordance with the foregoing.

Karora Shareholders who exercise Dissent Rights and who:

- (a) are ultimately entitled to be paid fair value for their Karora Shares, which fair value shall be determined as of the close of business on the day before the Arrangement Resolution is approved by the Karora Shareholders at the Meeting, shall be paid an amount equal to such fair value by AcquireCo and shall be deemed to have transferred their Karora Shares to AcquireCo for cancellation in accordance with the Plan of Arrangement; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Karora Shares shall be deemed to have participated in the Arrangement as of the Effective Time, on the same basis as non-Dissenting Shareholders and shall be entitled to receive only the consideration that such holders would have received pursuant to the Arrangement if such holders had not exercised Dissent Rights,

but in no case shall Karora, Westgold, SpinCo, AcquireCo or any other person be required to recognize Karora Shareholders who exercise Dissent Rights as Karora Shareholders after the Effective Time, and the names of such Karora Shareholders who exercise Dissent Rights shall be removed from the applicable register of shareholders as at the Effective Time. **There can be no assurance that a Dissenting Shareholder will receive consideration for its Karora Shares of equal or greater value to the consideration that such Dissenting Shareholder would have received under the Arrangement if such holder had not exercised Dissent Rights.**

Section 190 of the CBCA

Section 190 of the CBCA, as modified by the Interim Order, the Plan of Arrangement and the Final Order, provides that Registered Karora Shareholders who dissent to the Arrangement may exercise a right of dissent and require AcquireCo to purchase the Karora Shares held by such shareholders at the fair value of such shares.

The exercise of Dissent Rights does not deprive a Registered Karora Shareholder of the right to vote at the Meeting. However, a Karora Shareholder is not entitled to exercise Dissent Rights in respect of the Arrangement Resolution if such holder votes any of the Karora Shares beneficially held by such holder in favour of the Arrangement Resolution.

A Dissenting Shareholder is required to send a written objection to the Arrangement Resolution to Karora prior to the Meeting. **A vote against the Arrangement Resolution or not voting on the Arrangement Resolution does not constitute a written objection for purposes of the right to dissent under Section 190 of the CBCA.**

Within 10 days after the Arrangement Resolution is approved by the Karora Shareholders, Karora must send to each Dissenting Shareholder a notice that the Arrangement Resolution has been adopted, setting out the rights of the Dissenting Shareholder and the procedures to be followed on exercise of those rights. The Dissenting Shareholder is then required, within 20 days after receipt of such notice (or if such Karora Shareholder does not receive such notice, within 20 days after learning of the adoption of the applicable Arrangement Resolution), to send to Karora a written notice containing the Dissenting Shareholder's name and address, the number of Karora Shares in respect of which the Dissenting Shareholder dissents and a demand for payment of the fair value of such Karora Shares and, within 30 days after sending such written notice, to send to Karora or its Transfer Agent the appropriate share certificate or certificates representing the Karora Shares in respect of which the Dissenting Shareholder has exercised Dissent Rights. A Dissenting Shareholder who fails to send to Karora, within the required periods of time, the required notices or the certificates representing the Karora Shares in respect of which the Dissenting Shareholder has dissented may forfeit its Dissent Rights.

If the Arrangement becomes effective, then Karora will be required to send, not later than the seventh day after the later of (i) the Effective Date, and (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for the Karora Shares of such Dissenting Shareholder in such amount as the directors of Karora consider to be the fair value thereof, accompanied by a statement showing how the fair value was determined, unless there are reasonable grounds for believing that Karora is, or after the payment would be, unable to pay its liabilities as they become due or the realizable value of Karora's assets, as applicable, would thereby be less than the aggregate of its liabilities. Karora must pay for the Karora Shares of a Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if Karora does not receive an acceptance thereof within 30 days after such offer has been made.

If such offer is not made or accepted within 50 days after the Effective Date, Karora may apply to a court of competent jurisdiction to fix the fair value of such Karora Shares. There is no obligation of Karora to apply to the Court. If Karora fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days.

Address for Notice

All written objections to the Arrangement Resolution required to be sent to Karora pursuant to Section 190 of the CBCA, which must be received not later than 5:00 p.m. (Toronto time) July 17, 2024, being the date that is two Business Days immediately prior to the Meeting, should be addressed to the attention of the individual set out below:

- (i) by mail to:

Karora Resources
c/o Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130,
Toronto, Ontario M5X 1A4

Attention: Abbas Ali Khan

(ii) by facsimile transmission to:

Attention: Abbas Ali Khan
Facsimile: 416-863-1716

Condition Regarding Exercise of Dissent Rights

Under the Arrangement Agreement, it is a condition that in order for the Arrangement to become effective, holders of no more than 5% of the issued and outstanding Karora Shares shall have exercised Dissent Rights, or have instituted proceedings to exercise Dissent Rights, in connection with the Arrangement.

See "*Part 8 – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*" of this Circular.

PART 16. RISK FACTORS RELATING TO THE ARRANGEMENT

In evaluating the Arrangement, Karora Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Karora, may also adversely affect the trading price of the Karora Shares, the Westgold Shares, the SpinCo Shares and/or the businesses of Karora, Westgold and SpinCo following the Arrangement.

In addition to the risk factors relating to the Arrangement set out below, Karora Shareholders should also carefully consider the risk factors associated with the businesses of Karora, Westgold and SpinCo included in this Circular and in the documents incorporated by reference herein, including the risks found in Appendix L of this Circular. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

The risks associated with the Arrangement include:

Westgold and Karora may not integrate successfully.

If approved, the Arrangement will involve the integration of companies that previously operated independently. As a result, the Arrangement will present challenges to management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees.

The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of the Combined Company. As a result of these factors, it is possible that any benefits expected from the Arrangement will not be realized.

Uncertainty surrounding the Arrangement could adversely affect Karora's retention of customers and suppliers and could negatively impact Karora's future business and operations.

Because the Arrangement is dependent upon satisfaction of certain conditions, its completion is subject to uncertainty. In response to this uncertainty, Karora's customers and suppliers may delay or defer decisions concerning Karora. Any delay or deferral of those decisions by customers and suppliers could have an adverse effect on the business and operations of Karora, regardless of whether the Arrangement is ultimately completed.

Directors and executive officers of Karora may have interests in the Arrangement that are different from those of Karora Shareholders generally.

Certain executive officers and directors of Karora may have interests in the Arrangement that may be different from, or in addition to, the interests of Karora Shareholders generally, including, but not limited to, the receipt of certain change of control payments as discussed under the heading "*Part 7 – The Arrangement – Termination and Change of*

Control Benefits" of this Circular. The Special Committee and the Karora Board retained their own financial advisors in respect of the Arrangement. Nevertheless, Karora Shareholders should consider these interests in connection with their vote on the Arrangement Resolution, including whether these interests may have influenced Karora's executive officers and directors to recommend or support the Arrangement.

The issuance of a significant number of Westgold Shares, or securities convertible into Westgold Shares, could adversely affect the market price of the Westgold Shares.

If the Arrangement is completed, a significant number of additional Westgold Shares will be issued and will become available for trading in the public market. Any increase in the number of Westgold Shares, or any new offering of Westgold securities, may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Westgold Shares. See the risk factors in Appendix L of this Circular.

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Karora.

Each of Karora and Westgold has the right to terminate the Arrangement Agreement and Arrangement in certain circumstances. Accordingly, there is no certainty, nor can Karora provide any assurance, that the Arrangement Agreement will not be terminated by either Karora or Westgold before the completion of the Arrangement. For example, Westgold has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have a Material Adverse Effect on Karora. There is no assurance that a change having a Material Adverse Effect on Karora will not occur before the Effective Date, in which case Westgold could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Karora, including receipt of the Final Order, approval by the Karora Shareholders of the Arrangement Resolution and receipt of other regulatory approvals, including the listing of the Westgold Shares on the TSX, a waiver from the ASX to transfer any ordinary shares of Kali that are restricted securities pursuant to the SpinCo Contribution Agreement and the FIRB Approval. There can be no certainty, nor can Karora provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or waived. If the Arrangement is not completed, the market price of the Karora Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Karora Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or greater price than the Consideration to be paid pursuant to the Arrangement.

The Consideration is fixed and will not be adjusted to reflect any change in the market value of the Westgold Shares or Karora Shares prior to the closing of the Arrangement.

Under the Arrangement, Participating Former Karora Shareholders will be entitled to receive, as part of the Consideration, \$0.608 in cash and 2.524 Westgold Shares for every Karora Share held. Because the amount of cash and the number of Westgold Shares to be received as part of the Consideration is fixed and will not be adjusted to reflect any change in the market price of the Westgold Shares or the Karora Shares, the value of the Consideration received under the Arrangement may vary significantly from the closing price of the Westgold Shares and the Karora Shares on April 5, 2024, the last trading day before the Arrangement Agreement was entered into. If the market price of the Westgold Shares increases or decreases, the value of the Westgold Shares issued as part of the Consideration that Karora Shareholders receive pursuant to the Arrangement will correspondingly increase or decrease. There can be no assurance that the market price of the Westgold Shares on the Effective Date will not be lower than the price used to calculate the Consideration. Many of the factors that affect the market price of the Westgold Shares and the Karora Shares are beyond the control of Westgold and Karora, respectively. These factors include fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

Karora will incur costs even if the Arrangement is not completed and has agreed to pay the Termination Fee to Westgold in certain circumstances.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Karora even if the Arrangement is not completed. Karora and Westgold are each liable for their own costs incurred in connection with the Arrangement. If the Arrangement Agreement is terminated and the Arrangement is not completed, Karora may, in certain circumstances, be required to pay Westgold a C\$2 million expense reimbursement or a C\$40 million Termination Fee. See "Part 8 – The Arrangement Agreement – Termination" of this Circular.

The Termination Fee may discourage other parties from attempting to acquire Karora Shares or otherwise making an Acquisition Proposal to Karora, even if those parties would otherwise be willing to offer greater value to Karora Shareholders than that offered by Westgold under the Arrangement.

If the Arrangement is not approved by the Karora Shareholders, or the Arrangement is otherwise not completed, then the market price for the Karora Shares may decline.

If the Arrangement is not approved by the Karora Shareholders, or the Arrangement is otherwise not completed, then the market price of the Karora Shares may decline, to the extent the current market price of the Karora Shares reflects an assumption by the market that the Arrangement will be completed. If the Arrangement Resolution is not approved and the Karora Board decides to seek another merger or Arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total Consideration to be paid pursuant to the Arrangement.

Owning Westgold Shares will expose Karora Shareholders to different risks.

Westgold is subject to different risks than those to which Karora is subject; for a full description of such risks please see the section entitled "Risk Factors" in Appendix L of this Circular. Westgold conducts its operations in Australia, and as such Westgold's operations are exposed to various risks normally associated with the conduct of business in foreign countries, including various levels of political and economic risk and other risks and uncertainties. The existence or occurrence of one or more of the circumstances or events described in the section entitled "Risk Factors" in Appendix L of this Circular could have a material adverse impact on Westgold's profitability or the viability of Westgold's affected foreign operations, which could have a Material Adverse Effect on Westgold's future cash flows earnings, results of operations and financial condition.

The TSXV may not approve SpinCo's listing application.

Under the Arrangement, Karora Shareholders will be entitled to receive, for each Karora Share held, 0.3 of a SpinCo Share. The SpinCo Shares are currently not listed. Although Karora and SpinCo have applied to have the SpinCo Shares listed on the TSXV, any such listing is subject to the approval of the TSXV in accordance with its initial listing requirements and there can be no assurance that the TSXV will approve the listing application (or, if the TSXV does not approve the listing application, that the SpinCo Shares will be listed on another stock exchange). As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares. The lack of a listing would mean there would be no market through which SpinCo Shares could be sold and holders may not be able to resell such SpinCo Shares. This may affect the pricing of the SpinCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the SpinCo Shares and the extent of issuer regulation.

The value of the SpinCo Shares may fluctuate.

Even if the SpinCo Shares are listed, there is currently no public market for SpinCo Shares and there can be no assurance that an active trading market for SpinCo Shares will develop as a result of the spin-off transaction or be sustained in the future. The lack of an active market may make it difficult to sell SpinCo Shares and could lead to the price of SpinCo Shares being depressed or volatile. The prices at which SpinCo Shares may trade after the spin-off transaction is uncertain. The market price for SpinCo Shares may fluctuate widely, depending on many factors, some of which may be beyond SpinCo's control, including, actual or anticipated fluctuations in operating results due to

For personal use only

factors related to SpinCo's business, the success or failure of SpinCo's business strategies, SpinCo's ability to obtain third-party financing as needed, the failure of securities analysts to cover SpinCo Shares following the spin-off transaction, the operating and share price performance of other comparable companies, changes in laws and regulations affecting SpinCo's business, general economic conditions and other external factors. Additionally, stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of SpinCo Shares.

Because the Spinout may not qualify as a Reorganization under section 368(a)(1)(D) of the Code, certain adverse tax consequences affecting the U.S. holders of Karora Class A Shares may result.

Due to the nature of SpinCo's assets and activities following the Arrangement, it is unclear whether the Spinout will qualify as a Reorganization under section 368(a)(1)(D) of the Code. If the Spinout does not qualify as a Reorganization to a U.S. Holder, such U.S. Holder that receives SpinCo Shares could be treated as either (i) receiving a distribution of property in an amount equal to the fair market value of the SpinCo Shares received on the distribution date (without reduction for any Canadian income or other tax withheld from such distribution) or (ii) receiving SpinCo Shares in a redemption of its Karora Class A Shares for U.S. federal income tax purposes.

If treated as a distribution, the Spinout would be taxable to the U.S. Holder as a dividend to the extent of Karora's current and accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that the fair market value of the SpinCo Shares exceeds the current and accumulated earnings and profits of Karora, the distribution of the SpinCo Shares pursuant to the Spinout will be treated first as a non-taxable return of capital to the extent of a U.S. Holder's tax basis in the Karora Class A Shares, with any remaining amount being taxed as a capital gain. Karora may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and U.S. Holders may therefore need to assume that, if the Spinout is treated as a distribution for U.S. federal income tax purposes, it will constitute ordinary dividend income in its entirety.

Alternatively, if treated as a redemption, a U.S. Holder who is treated as receiving the SpinCo Shares in redemption of its Karora Class A Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the fair market value of the SpinCo Shares received by such U.S. Holder in exchange for such Karora Class A Shares and (b) the adjusted tax basis of such U.S. Holder in the Karora Class A Shares surrendered.

If Karora is classified as a PFIC, for any tax year in which a U.S. Holder held Karora Class A Shares and such U.S. Holder is a Non-Electing Shareholder (as defined below), the transaction, whether characterized as a distribution (to the extent treated as a dividend out of the earnings and profits of Karora) or as a redemption will be subject to the default PFIC rules discussed below under the heading "*Default PFIC Rules Under Section 1291 of the Code.*" As discussed below under the heading "*Certain United States Federal Income Tax Considerations*", Karora believes that it was not a PFIC for its taxable year ended December 31, 2023, and no determination has been made regarding whether Karora may be treated as a PFIC for the current taxable year.

This summary is qualified in its entirety by the section entitled "*Part 19 – Certain U.S. Federal Income Tax Considerations*" and U.S. Holders are encouraged to read that section and consult with their tax advisers regarding the U.S. federal income tax consequences of the Arrangement, including the Spinout, and including the possible application of the PFIC rules to them in their particular circumstances.

PART 17. PROCEDURE FOR RECEIPT OF CONSIDERATION

Under the Arrangement, Participating Former Karora Shareholders will, upon completion of the Arrangement, be entitled to receive, for each Karora Share held by them immediately prior to the Effective Time, the Consideration, comprised of the Cash Consideration (consisting of \$0.608 in cash) and the Share Consideration (consisting of 2.524 Westgold Shares and 0.3 of a SpinCo Share). The aggregate number of Westgold Shares or SpinCo Shares, as applicable, that a Participating Former Karora Shareholders is entitled to receive pursuant to the Arrangement will, in each case, be rounded down to the nearest whole number of shares, without any payment or compensation to the Participating Former Karora Shareholders for any cancelled fraction of a share. In calculating such fractional interests, all Westgold Shares or SpinCo Shares, as applicable, registered in the name of, or beneficially held by, a holder of Westgold Shares or SpinCo Shares, as applicable, or their respective nominee, shall be aggregated. If the aggregate Cash Consideration which a Participating Former Karora Shareholder is entitled to receive pursuant to the

Arrangement would otherwise include a fraction of \$0.01, then the aggregate cash amount which such Participating Former Karora Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole \$0.01.

After the Effective Time and until surrendered for cancellation, each certificate or DRS Advice that immediately prior to the Effective Time represented one or more Karora Shares will be deemed at all times to represent only the right to receive in exchange therefor, DRS Advices and cash representing the Consideration that the holder of such certificate or DRS Advice is entitled to receive in accordance with the Plan of Arrangement.

Participating Former Karora Shareholders

In the following summary, a reference to "Participating Former Karora Shareholders" refers solely to Karora Shareholders who hold Karora Shares immediately prior to the Effective Time and who are entitled to receive the Consideration for such Karora Shares, and includes holders of Karora RSUs, Karora PSUs, Karora DSUs or Karora Options with respect to the Karora Shares they are entitled to receive upon the redemption or exercise (or deemed redemption or exercise) of their Karora RSUs, Karora PSUs, Karora DSUs or Karora Options, as applicable, pursuant to the Arrangement.

In order to receive the Consideration that they are entitled to receive under the Arrangement, Participating Former Karora Shareholders must comply with the exchange procedures contained in the Plan of Arrangement, which are summarized below.

A Non-Registered Karora Shareholder who holds Karora Shares that are registered in the name of an intermediary such as a broker, investment dealer, bank or trust company should contact the intermediary for instructions and assistance in depositing their Karora Shares with the Depositary, in order to ensure they receive the Consideration that they are entitled to receive under the Arrangement.

Deposit of Transmittal Documents with Depositary

In order to receive the Consideration that they are entitled to receive under the Arrangement, a Participating Former Karora Shareholder must deliver to the Depositary a duly completed and signed Letter of Transmittal in respect of the Karora Shares held by such shareholder, together with the applicable Karora Share certificate(s) or DRS Advice(s), if any, and such other documents or instruments as the Depositary may reasonably require (collectively, the "**Transmittal Documents**"). Upon receipt by the Depositary of such Transmittal Documents, the Depositary shall, following the Effective Time, deliver to such Participating Former Karora Shareholder a cheque or wire transfer representing the Cash Consideration, a DRS Advice representing the Westgold Shares forming part of the Share Consideration and a DRS Advice representing the SpinCo Shares forming part of the Share Consideration which such holder is entitled to receive in accordance with the Plan of Arrangement, less any amounts that the Depositary is entitled to withhold in accordance with the Plan of Arrangement.

A Letter of Transmittal (printed on white paper) is being mailed, together with this Circular, to each person who was a Registered Karora Shareholder on the Record Date. A copy of the Letter of Transmittal may also be obtained by contacting the Depositary. The Letter of Transmittal will also be available under Karora's issuer profile on SEDAR+ at www.sedarplus.ca. In order to receive the Consideration to which such Registered Karora Shareholder is entitled under the Arrangement, it is recommended that Registered Karora Shareholders complete, sign and return the Letter of Transmittal (with accompanying Karora Share certificate(s) or DRS Advice(s)) to the Depositary as soon as possible.

The method used by a Karora Shareholder to deliver the Transmittal Documents to the Depositary is at the option and risk of the Karora Shareholder, and delivery will be deemed effective only when such documents are actually received by the Depositary. Karora recommends that the Transmittal Documents be hand delivered to the Depositary, and a receipt obtained therefor; otherwise the use of registered mail with return receipt requested, and with proper insurance obtained, is recommended.

Westgold reserves the right to waive, or not to waive, any and all errors or other deficiencies in any Letter of Transmittal or other Transmittal Document, and any such waiver or non-waiver will be binding upon the Karora Shareholder submitting such documentation. The granting of a waiver to one or more Karora Shareholders does not

constitute a waiver for any other Karora Shareholder, and Karora and Westgold reserve the right to demand strict compliance with the terms of the Letter of Transmittal.

Lost Certificates

If any certificate that, immediately prior to the Effective Time, represented one or more outstanding Karora Shares has been lost, stolen or destroyed, then, upon the making of an affidavit of that fact by the person claiming such Karora Share certificate to be lost, stolen or destroyed, together with a Letter of Transmittal completed as fully as possible, the Depositary will, in exchange for such lost, stolen or destroyed Karora Share certificate, issue a cheque representing the Cash Consideration, a DRS Advice representing the Westgold Shares and a DRS Advice representing the SpinCo Shares that such holder is entitled to receive for such Karora Shares in accordance with the terms of the Arrangement. As a condition precedent to the delivery by the Depositary of such DRS Advices, the person to whom such DRS Advices are to be issued shall first give a bond satisfactory to Westgold, SpinCo and the Depositary in such amount as Westgold, SpinCo and the Depositary may direct, or otherwise indemnify Westgold, SpinCo and the Depositary in a manner satisfactory to each of them, against any claim that may be made them with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the constating documents of Karora.

Limitation and Proscription After Six Years

To the extent that a Participating Former Karora Shareholder has not complied with the provisions of the Plan of Arrangement described above under the heading "*Deposit of Transmittal Documents with Depositary*" on or before the date that is six years after the Effective Date, then the Cash Consideration to which such Participating Former Karora Shareholder was entitled will be returned to Westgold, and the Westgold Shares and the SpinCo Shares constituting the Share Consideration that such Participating Former Karora Shareholder was otherwise entitled to receive may be cancelled without any repayment of capital in respect thereof and the certificates representing such Westgold Shares and SpinCo Shares shall be delivered by the Depositary to Westgold or SpinCo, as applicable, and the interest of the Participating Former Karora Shareholder in such Cash Consideration and Share Consideration to which it was entitled shall be terminated. Such Karora Shares shall cease to represent a right or interest of or a claim by any Participating Former Karora Shareholder of any kind or any nature against Westgold or Karora, and all such entitlements shall be deemed to have been surrendered and forfeited to Westgold, together with all entitlements to dividends or distributions thereon, and rights shall thereupon terminate and be cancelled and the name of the Participating Former Karora Shareholder shall be removed from the register of holders of such Karora Shares.

Holders of Karora RSUs, Karora PSUs, Karora DSUs and Karora Options

Under the Arrangement, holders of Karora RSUs, Karora PSUs, Karora DSUs and Karora Options will be entitled: (i) to receive Karora Shares upon the redemption or exercise (or deemed redemption or exercise) of their Karora RSUs, Karora PSUs and Karora DSUs and/or Karora Options (provided such Karora Options are exercised prior to the Effective Date); and (ii) to receive the Consideration for each such Karora Share to the same extent as a Karora Shareholder.

However, under the Arrangement, no Karora Share certificates or DRS Advices will be issued in respect of the Karora Shares to be received by holders of Karora RSUs, Karora PSUs, Karora DSUs and/or Karora Options upon the redemption or exercise (or deemed redemption or exercise) of the Karora RSUs, Karora PSUs, Karora DSUs and/or Karora Options, as applicable. Holders of Karora RSUs, Karora PSUs, Karora DSUs and/or Karora Options will be required to deliver a Letter of Transmittal to the Depositary in respect of the Karora Shares issued upon the redemption or exercise (or deemed redemption or exercise) of such Karora RSUs, Karora PSUs, Karora DSUs and/or Karora Options in order to receive the Consideration to which they are entitled under the Plan of Arrangement.

PART 18. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Circular, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Karora Shareholders who exchange their Karora Shares pursuant to the Arrangement, and who at all relevant times, for purposes of the Tax Act, (i) beneficially own their Karora Shares, (ii) hold their Karora Shares, and will beneficially own and hold any Karora Class A Shares, Westgold Shares and SpinCo

Shares acquired pursuant to the Arrangement, as capital property, and (iii) deal at "arm's length" and are not "affiliated" (in each case, within the meaning of the Tax Act) with any of Karora, SpinCo or Westgold (each such Karora Shareholder, a "**Holder**").

Generally, Karora Shares, Karora Class A Shares, SpinCo Shares and Westgold Shares will be considered to be capital property to the holder thereof provided that they are not used or held in the course of carrying on a business of trading or dealing in securities and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder: (i) that is a partnership; (ii) that beneficially owns their Karora Shares through a partnership; (iii) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules); (iv) that is a "specified financial institution" (as defined in the Tax Act); (v) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (vi) that has made a "functional currency" election under section 261 of the Tax Act; (vii) that has acquired, or acquires, Karora Shares upon the exercise or settlement (or deemed exercise or settlement) of a Karora Option, Karora PSU, Karora RSU or Karora DSU or pursuant to any other employee compensation plan (including pursuant to the Arrangement); (viii) that is a corporation resident in Canada that is, or becomes (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident corporation, a non-resident individual, a non-resident trust or a group of persons (combining any combination of non-resident corporations, non-resident individuals and non-resident trusts) that do not deal with each other at arm's length, for purposes of section 212.3 of the Tax Act; (ix) that has entered into, or enters into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to its Karora Shares, SpinCo Shares or Westgold Shares; (x) that receives dividends on its Karora Shares, SpinCo Shares or Westgold Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act); (xi) that is exempt from tax under Part I of the Tax Act; or (xii) of which Westgold is or will be a "foreign affiliate" (as defined in the Tax Act). **Such holders should consult their own tax advisors.**

In addition, this summary does not address the Canadian federal income tax considerations applicable to holders of Karora Options, Karora RSUs, Karora PSUs or Karora DSUs in connection with the Arrangement. **Such holders should consult their own tax advisors.**

This summary is based upon the provisions of the Tax Act in force on the date of this Circular and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("CRA") made publicly available prior to the date of this Circular. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Circular (the "**Proposed Amendments**") and assumes that the Proposed Amendments will be enacted in their current form; however no assurance can be given that any of the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative policies or assessing practices of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary assumes that Karora will not make a joint election with any Karora Shareholder under section 85 of the Tax Act in respect of the exchange of Karora Shares for Karora Class A Shares and SpinCo Shares pursuant to the Arrangement.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences to a Holder will vary depending on the particular circumstances of the Holder, including the province or provinces in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Holders should consult their own legal and

tax advisors with respect to the tax consequences of the transactions described in this Circular based on their own particular circumstances.

Currency Conversion

Subject to certain exceptions that are not discussed herein, for the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of securities (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in a foreign currency must generally be converted into Canadian dollars based on the rate quoted by the Bank of Canada for the exchange of the foreign currency for Canadian dollars on the date such amounts arise, or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

Holders Resident in Canada

This part of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Holder**").

Certain Resident Holders who might not otherwise be considered to hold their Karora Shares, Karora Class A Shares or SpinCo Shares as capital property may, in certain circumstances, be entitled to have their Karora Shares, Karora Class A Shares, SpinCo Shares and any other "Canadian security" (as defined in the Tax Act), owned by Resident Holder in the taxation year in which the election is made, and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of Westgold Shares received by a Resident Holder pursuant to the Arrangement. Resident Holders should consult their own tax advisors regarding the potential application and consequences of this election in their particular circumstances.

Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares

The exchange of Karora Shares for Karora Class A Shares and SpinCo Shares pursuant to the Arrangement (the "**Section 86 Exchange**") is intended to qualify as a tax-deferred reorganization of capital under section 86 of the Tax Act. Provided the aggregate fair market value of the SpinCo Shares received on the Section 86 Exchange by all holders of Karora Shares who participate in the Arrangement does not exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Karora Shares immediately before the Section 86 Exchange, the receipt of the SpinCo Shares by a Resident Holder on the Section 86 Exchange should not give rise to any deemed dividend to such Resident Holder. Karora expects that the aggregate fair market value of the SpinCo Shares to be received on the Section 86 Exchange by Karora Shareholders who participate in the Arrangement will be substantially less than the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Karora Shares immediately before the Section 86 Exchange, and that no deemed dividend should therefore arise as a result of the Section 86 Exchange.

If the fair market value of the SpinCo Shares received upon the Section 86 Exchange by holders of Karora Share who participate in the Arrangement does not exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Karora Shares immediately before the Section 86 Exchange, a Resident Holder whose Karora Shares are exchanged for Karora Class A Shares and SpinCo Shares pursuant to the Section 86 Exchange will be deemed to have disposed of its Karora Shares for proceeds of disposition equal to the greater of (i) the adjusted cost base to the Resident Holder of its Karora Shares immediately before the Section 86 Exchange, and (ii) the fair market value, at the time of the exchange, of the SpinCo Shares received by such Resident Holder. Consequently, a Resident Holder will only realize a capital gain on the Section 86 Exchange if, and to the extent that, the fair market value of the SpinCo Shares received by such Resident Holder on the exchange exceeds the adjusted cost base of such Resident Holder's Karora Shares immediately before the Section 86 Exchange. See "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

The adjusted cost base to a Resident Holder of Karora Class A Shares acquired on the Section 86 Exchange will be equal to the amount, if any, by which the Resident Holder's adjusted cost base of its Karora Shares immediately before the Section 86 Exchange exceeds the fair market value, at the time of the exchange, of the SpinCo Shares acquired by such Resident Holder on the Section 86 Exchange. The cost to a Resident Holder of SpinCo Shares acquired on the

For personal use only

Section 86 Exchange will be equal to the fair market value, at the time of the Section 86 Exchange, of the SpinCo Shares acquired by such Resident Holder on the Section 86 Exchange.

Exchange of Karora Class A Shares for Westgold Shares and Cash Consideration

A Resident Holder will realize a capital gain (or capital loss) on the exchange of Karora Class A Shares for Westgold Shares and Cash Consideration to the extent that the Resident Holder's proceeds of disposition for such Karora Shares, net of any reasonable costs of disposition, exceed (or are less than) the Resident Holder's adjusted cost base of such Karora Class A Shares immediately before the exchange. The Resident Holder's proceeds of disposition for the Karora Class A Shares will be equal to the fair market value of the Westgold Shares and the amount of the Cash Consideration received on the exchange.

A Resident Holder's cost of the Westgold Shares received by the Resident Holder on the exchange will be equal to the fair market value of the Westgold Shares at the time of the exchange. The adjusted cost base to a Resident Holder of such Resident Holder's Westgold Shares will be determined by averaging the cost of the Westgold Shares acquired by the Resident Holder pursuant to the Arrangement with the adjusted cost base of any other Westgold Shares held by the Resident Holder as capital property determined immediately prior to the exchange.

See "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Dividends on Westgold Shares and SpinCo Shares

A Resident Holder generally will be required to include in computing its income for a taxation year any dividends received or deemed to be received on such Resident Holder's Westgold Shares or SpinCo Shares during such taxation year.

In the case of a Resident Holder who is an individual (other than certain trusts), such dividends and deemed dividends on SpinCo Shares will be subject to the gross-up and dividend tax credit rules generally applicable to dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit if, and to the extent, SpinCo designates any portion of a particular dividend to be an "eligible dividend" in accordance with the Tax Act. There may be limitations on the ability of SpinCo to designate dividends as eligible dividends. Dividends and deemed dividends on Westgold Shares are not subject to the gross-up and dividend tax credit rules described above.

In the case of a Resident Holder that is a corporation, the amount of any taxable dividend received or deemed to be received on such Resident Holder's SpinCo Shares and included in the Resident Holder's income for the taxation year generally will be deductible pursuant to Section 112 of the Tax Act in computing the Resident Holder's taxable income. In certain circumstances, subsection 55(2) of the Tax Act may treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation on such Resident Holder's SpinCo Shares as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable under Part IV of the Tax Act to pay an additional tax (refundable in certain circumstances) on dividends received or deemed to be received on the SpinCo Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Foreign withholding tax on dividends received or deemed to be received on Westgold Shares generally may be eligible for foreign tax credits or deductions under the Tax Act to the extent and under the circumstances described in the Tax Act. Resident Holders should consult their own tax advisors regarding the availability of a foreign tax credit or deduction, having regard to their particular circumstances.

Disposition of Westgold Shares or SpinCo Shares Following the Arrangement

A Resident Holder who disposes, or is deemed to dispose, of a Westgold Share or SpinCo Share following the completion of the Arrangement (other than a disposition of a Westgold Share to Westgold or a SpinCo Share to SpinCo, unless such disposition is the purchase by Westgold or SpinCo, as applicable, in the open market in the manner in which shares are normally purchased by a member of the public in the open market) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to the Resident Holder immediately before the disposition.

See "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below for a general description of the treatment of capital gains and capital losses under the Tax Act.

Taxation of Capital Gains and Capital Losses

Currently, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may generally be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent taxation year, against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

Pursuant to Proposed Amendments announced in the Federal Budget on April 16, 2024 (the "**Budget 2024 Tax Proposals**") and introduced in Parliament on June 10, 2024 by way of that "Notice of Ways and Means Motion to introduce An Act to amend the Income Tax Act and the Income Tax Regulations" (the "**NWMM**"), subject to certain transitional rules, the capital gains inclusion rate in respect of capital gains realized on or after June 25, 2024 will be increased from one-half to two-thirds in respect of capital gains realized (i) by a Resident Holder that is an individual (excluding a trust), including capital gains realized indirectly through a trust or partnership, in a taxation year (or, in the case of the 2024 taxation year, the portion of the year beginning on June 25, 2024) that exceed \$250,000 (net of current-year capital losses, capital losses of other years applied to reduce current-year capital gains and capital gains subject to certain statutory exemptions and incentives), and (ii) by a Resident Holder that is a corporation or trust in a taxation year (or, in the case of the 2024 taxation year, the portion of the year beginning on June 25, 2024). Under the Budget 2024 Tax Proposals and NWMM, two-thirds of capital losses (including capital losses realized prior to June 25, 2024) will be deductible against capital gains included in income at the two-thirds inclusion rate such that a capital loss will offset an equivalent capital gain regardless of the inclusion rate. Resident Holders should consult their own tax advisors with regard to the Budget 2024 Tax Proposals and NWMM.

If the Resident Holder is a corporation, the amount of any capital loss otherwise realized by the Resident Holder on a disposition or deemed disposition of Karora Class A Shares, Westgold Shares or SpinCo Shares may be reduced by the amount of certain dividends received or deemed to be received by it on such share (and, in certain circumstances, a share for which such share was exchanged), in each case to the extent and under the circumstances specified by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Additional Refundable Tax

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout the relevant taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes amounts in respect of dividends received or deemed to be received that are not deductible under the Tax Act, net taxable capital gains and interest. Proposed Amendments contained in Bill C-59 tabled in Parliament on November 30, 2023, would, if enacted, extend this additional tax and refund mechanism in respect of "aggregate investment income" to a Holder that is or is deemed to be a "substantive CCPC" (as defined in such Proposed Amendments) at any time in the relevant taxation year.

For personal use only

Alternative Minimum Tax

Taxable dividends received or deemed to be received and capital gains realized by individuals and certain trusts may, in certain circumstances, give rise to the alternative minimum tax under the Tax Act. Proposed Amendments relating to alternative minimum tax were released on March 28, 2023 and on April 30, 2024 and such Proposed Amendments, if adopted, may affect the liability of a Resident Holder for minimum tax. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Foreign Property Information Reporting

A Resident Holder that is a "specified Canadian entity" (as defined in the Tax Act) for a taxation year or a fiscal period and whose total "cost amount" of "specified foreign property" (as such terms are defined in the Tax Act), including Westgold Shares, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return for the year or period disclosing prescribed information. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a "specified Canadian entity", as will certain partnerships. Penalties may apply where a Resident Holder fails to file the required information return in respect of such Holder's "specified foreign property" on a timely basis in accordance with the Tax Act.

The reporting rules in the Tax Act relating to "specified foreign property" are complex and this summary does not purport to address all circumstances in which reporting may be required by a Resident Holder. Resident Holders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

Eligibility for Investment

The Karora Class A Shares, SpinCo Shares and Westgold Shares received by Karora Shareholders pursuant to the Arrangement will be "qualified investments" under the Tax Act at a particular time for a trust governed by a RRSP, RRIF, RESP, RDSP, FHSA or TFSA (collectively, "**Registered Plans**") or a trust governed by a DPSP if, at the particular time, (i) such Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the TSX, TSXV and the ASX), or (ii) Karora or SpinCo, as applicable, is, or is deemed to be, a "public corporation" for purposes of the Tax Act.

Karora and SpinCo have applied to the TSX and the TSXV to have the Karora Class A Shares listed on the TSX and the SpinCo Shares listed on the TSXV effective upon their issuance pursuant to the Arrangement, however the listing of the Karora Class A Shares on the TSX and the SpinCo Shares on the TSXV is not a condition to the completion of the Arrangement.

If the SpinCo Shares are not listed on the TSXV (or another "designated stock exchange") at the time they are acquired by Karora Shareholders pursuant to the Arrangement, but such shares become listed on a "designated stock exchange" in Canada following the Effective Date but before the filing-due date for SpinCo's income tax return for its first taxation year and SpinCo makes the appropriate election in that income tax return, SpinCo will be deemed to be a "public corporation" for purposes of the Tax Act with effect from the beginning of its first taxation year, in which case the SpinCo Shares acquired by Karora Shareholders pursuant to the Arrangement will be considered to be qualified investments for Registered Plans and a DPSP from the date of acquisition pursuant to the Arrangement. **There can be no assurance as to if, or when, the SpinCo Shares will be listed or traded on any stock exchange and, therefore, no assurance SpinCo will be able to make the election to be a "public corporation" from the beginning of its first taxation year. Should the SpinCo Shares be distributed to or otherwise acquired by a Registered Plan or a DPSP other than as "qualified investments", adverse tax consequences not described in this summary should be expected to arise for the Registered Plan or a DPSP and the annuitant, subscriber or holder, as the case may be, thereunder. Karora Shareholders that will or may hold SpinCo Shares within a Registered Plan or DPSP should consult with their own tax advisors in this regard.**

Prohibited Investment Rules

Notwithstanding that the Westgold Shares, Karora Class A Shares and/or SpinCo Shares may be "qualified investments" under the Tax Act for Registered Plans as described above, the holder of, or annuitant or subscriber

under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of any Westgold Shares, Karora Class A Shares or SpinCo Shares, as applicable, held in a Registered Plan if such shares are a "prohibited investment" for the particular Registered Plan. A Karora Class A Share, SpinCo Share or Westgold Share generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with Karora, SpinCo or Westgold, as applicable, for purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in Karora, SpinCo or Westgold, as applicable.

Notwithstanding the foregoing, a Karora Class A Share, SpinCo Share or Westgold Share, as applicable, generally will not be a "prohibited investment" for a Registered Plan if such share is "excluded property" as defined in subsection 207.01(1) of the Tax Act for a Registered Plan.

Karora Shareholders who hold their Karora Shares through a Registered Plan should consult their own tax advisors as to whether any Westgold Shares, Karora Class A Shares or SpinCo Shares receivable pursuant to the Arrangement will be a "prohibited investment" in their particular circumstances.

Dissenting Resident Holders

The following portion of this summary is generally applicable to a Resident Holder that is a Dissenting Shareholder (a "**Dissenting Resident Holder**").

A Dissenting Resident Holder who, as a result of the exercise of Dissent Rights, is entitled to be paid the fair value of their Karora Shares by AcquireCo, will be considered to have disposed of such Karora Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court). The Dissenting Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Karora Shares immediately before their surrender to AcquireCo pursuant to the Arrangement. Any such capital gain or capital loss will be subject to the same tax treatment as described above under the heading "*Holdings Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Interest, if any, awarded by the Court to a Dissenting Resident Holder will be included in the Dissenting Resident Holder's income for the purposes of the Tax Act.

Dissenting Resident Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of Dissent Rights.

Holdings Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act and any applicable tax treaty or convention, (i) is not resident or deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Karora Shares (or any Westgold Shares or SpinCo Shares) in, or in the course of carrying on, a business in Canada, (iii) is not a person who carries on an insurance business in Canada and elsewhere, (iv) is not an "authorized foreign bank" (as defined in the Tax Act), and (v) is not a "foreign affiliate" (as defined in the Tax Act) of a person resident in Canada (a "**Non-Resident Holder**").

Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares

The exchange of Karora Shares for Karora Class A Shares and SpinCo Shares pursuant to the Arrangement is intended to qualify as a tax-deferred reorganization of capital pursuant to section 86 of the Tax Act. The discussion above under the heading "*Holdings Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*" with respect to the deemed dividend potentially resulting from the receipt of SpinCo Shares by a Resident Holder applies equally to a Non-Resident Holder. If a dividend is deemed to have been received by a Non-Resident Holder as a result of the Section 86 Exchange, it is expected that such deemed dividend would be subject to the same tax treatment as described below under the heading "*Dividends on SpinCo Shares*". As noted in the above discussion, Karora does not expect a deemed dividend to arise as a result of the Section 86 Exchange.

If the fair market value of the SpinCo Shares distributed to holders of Karora Shares upon the Section 86 Exchange does not exceed the aggregate "paid-up capital" (as determined for purposes of the Tax Act) of all of the issued and outstanding Karora Shares disposed of by holders of Karora Shares that participate in the Arrangement immediately before the Section 86 Exchange, a Non-Resident Holder whose Karora Shares are exchanged for Karora Class A Shares and SpinCo Shares pursuant to the Section 86 Exchange will be deemed to have disposed of its Karora Shares for proceeds of disposition equal to the greater of (i) the adjusted cost base to the Non-Resident Holder of its Karora Shares immediately before the Section 86 Exchange, and (ii) the fair market value, at the time of the Section 86 Exchange, of the SpinCo Shares received by such Non-Resident Holder. Consequently, a Non-Resident Holder will only realize a capital gain on the Section 86 Exchange if, and to the extent that, the fair market value of the SpinCo Shares received by such Non-Resident Holder on the Section 86 Exchange exceeds the adjusted cost base of such Non-Resident Holder's Karora Shares immediately before the Section 86 Exchange.

A Non-Resident Holder will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on the Section 86 Exchange unless such Karora Shares are (or are deemed to be) "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of such exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided that, at the effective time of the Section 86 Exchange, the Karora Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which currently includes the TSX), the Karora Shares disposed of by a Non-Resident Holder pursuant to the Arrangement generally will only be "taxable Canadian property" of the Non-Resident Holder if, at any time during the 60-month period immediately preceding the disposition, both of the following conditions are satisfied concurrently: (i) one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length for purposes of the Tax Act, and (C) partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Karora, and (ii) more than 50% of the fair market value of the Karora Shares at such time was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" or "timber resource properties" (each as defined in the Tax Act), or options in respect of, or interests in, or for civil law rights in, any such properties. Notwithstanding the foregoing, a Karora Share may also be deemed to be "taxable Canadian property" in certain other circumstances (generally where such shares have been acquired on a tax-deferred rollover basis in exchange for another share or shares that constituted "taxable Canadian property" at the time of such exchange). Non-Resident Holders should consult their own tax advisors in this regard.

Even if the Karora Shares are "taxable Canadian property" to a Non-Resident Holder, such Non-Resident Holder may be exempt from Canadian tax on any capital gain realized on the exchange of its Karora Shares pursuant to the Arrangement by virtue of an applicable income tax treaty or convention to which Canada is a signatory, subject to the application of The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "MLI") of which Canada is a signatory and which affects many of Canada's bilateral tax treaties (but not the Canada-US Tax Treaty as defined below), including the ability to claim benefits thereunder. Non-Resident Holders whose Karora Shares constitute "taxable Canadian property" should consult their own tax advisors in this regard.

If the Karora Shares are or are deemed to be "taxable Canadian property" to a Non-Resident Holder and such Non-Resident Holder is not eligible for relief pursuant to an applicable income tax treaty or convention, including as a result of the application of the MLI, then the exchange of such Non-Resident Holder's Karora Shares pursuant to the Arrangement will generally be subject to the same Canadian tax consequences applicable to a Resident Holder with respect to the exchange of such Resident Holder's Karora Shares pursuant to the Arrangement as discussed above under the heading "*Holders Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*".

The cost to a Non-Resident Holder of the Karora Class A Shares and SpinCo Shares acquired on the exchange of Karora Shares pursuant to the Arrangement will be computed in the same manner as described above with respect to a Resident Holder under the heading "*Holders Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*".

Exchange of Karora Class A Shares for Westgold Shares and Cash Consideration

A Non-Resident Holder will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on the exchange of its Karora Class A Shares for Westgold Shares and Cash Consideration pursuant to the Arrangement unless such Karora Class A Shares are (or are deemed to be) "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of such exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention, including as a result of the application of the MLI.

Karora has applied to the TSX to have the Karora Class A Shares listed on the TSX effective upon their issuance pursuant to the Arrangement. Assuming the Karora Class A Shares are listed on the TSX upon their issuance pursuant to the Plan of Arrangement, whether the Karora Class A Shares are (or are deemed to be) "taxable Canadian property" to a Non-Resident Holder and the federal income tax consequences thereof are determined in the same manner as described under the heading "*Holders Not Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*".

Dividends on SpinCo Shares

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on SpinCo Shares will be subject to Canadian non-resident withholding tax. Under the Tax Act, the rate of withholding is 25% of the gross amount of the dividend. The withholding rate may be reduced pursuant to the provisions of an applicable income tax treaty or convention, subject to the application of the MLI. Under the Canada–United States Tax Convention (1980), as amended (the "**Canada–US Tax Treaty**"), the withholding rate on any such dividend beneficially owned by a Non-Resident Holder that is a resident of the United States for purposes of the Canada–US Tax Treaty and fully entitled to the benefits of such treaty (a "**U.S. Treaty Holder**") is generally reduced to 15% (or 5% in the case of a U.S. Treaty Holder that is a company beneficially owning at least 10% of the voting shares of SpinCo).

Disposition of SpinCo Shares Following the Arrangement

A Non-Resident Holder who, following the completion of the Arrangement, disposes, or is deemed to dispose, of a SpinCo Share will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on such disposition unless, at the time of disposition, such share is or is deemed to be "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention, including as a result of the application of the MLI.

Karora and SpinCo have applied to the TSXV to have the SpinCo Shares listed on the TSXV effective upon their issuance pursuant to the Arrangement, however the listing of the SpinCo Shares on the TSXV is not a condition to the completion of the Arrangement.

Assuming the SpinCo Shares are listed on the TSXV upon their issuance pursuant to the Plan of Arrangement, whether the SpinCo Shares are (or are deemed to be) "taxable Canadian property" to a Non-Resident Holder and the federal income tax consequences thereof are determined in the same manner as described under the heading "*Holders Not Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*".

Dissenting Non-Resident Holders

The following portion of this summary applies to a Non-Resident Holder that is a Dissenting Shareholder (a "**Dissenting Non-Resident Holder**").

A Dissenting Non-Resident Holder who, as a result of the exercise of Dissent Rights, is entitled to be paid the fair value of their Karora Shares by AcquireCo will be considered to have disposed of such Karora Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court). A Dissenting Non-Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Karora Shares immediately before their surrender to Karora pursuant to the

For personal use only

Arrangement. A Non-Resident Dissenting Holder will generally not be subject to tax under the Tax Act on any capital gain, or be entitled to deduct any capital loss, realized on the disposition of its Karora Shares unless such Karora Shares are "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention, including as a result of the application of the MLI, as discussed above under the heading "*Holders Not Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*".

Interest, if any, awarded by the Court to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax, provided that such interest does not constitute "participating debt interest" as defined in the Tax Act.

Dissenting Non-Resident Holders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Dissent Rights.

PART 19. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material U.S. federal income tax consequences to a U.S. Holder in relation to the Arrangement and the ownership and disposition of Westgold Shares and SpinCo Shares received in the Arrangement.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the Treasury Regulations, administrative pronouncements, rulings or practices, and judicial decisions, all as of the date of this Circular. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal income tax consequences significantly different from those discussed in this Circular. No legal opinion from U.S. legal counsel has been or will be sought or obtained regarding the U.S. federal income tax consequences of the Arrangement. In addition, this summary is not binding on the IRS, and no ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal income tax consequences discussed in this Circular. There can be no assurance that the IRS will not challenge any of the conclusions described in this Circular or that a U.S. court will not sustain such a challenge.

This summary is for general informational purposes only and does not address all possible U.S. federal tax consequences that could apply with respect to the Arrangement. This summary does not take into account the facts unique to any particular U.S. Holder that could impact its U.S. federal income tax consequences with respect to the Arrangement. **This discussion is not, and should not be, construed as legal or tax advice to a U.S. Holder.** Except as provided below, this summary does not address tax reporting requirements. Each U.S. Holder should consult its own tax advisors regarding the U.S. federal income, the Medicare contribution tax on certain net investment income, the alternative minimum, U.S. state and local, and non-U.S. tax consequences of the Arrangement and the ownership and disposition of Karora Shares, Karora Class A Shares, Westgold Shares or SpinCo Shares.

This summary does not address the U.S. federal income tax consequences to U.S. Holders subject to special rules, including, but not limited to, U.S. Holders that: (i) are banks, financial institutions, or insurance companies; (ii) are regulated investment companies or real estate investment trusts; (iii) are brokers, dealers, or traders in securities or currencies; (iv) are tax-exempt organizations; (v) hold Karora Shares or Karora Class A Shares (or after the Arrangement, Westgold Shares or SpinCo Shares) as part of hedges, straddles, constructive sales, conversion transactions, or other integrated investments; (vi) acquire Karora Shares or Karora Class A Shares (or after the Arrangement, Westgold Shares or SpinCo Shares) as compensation for services or through the exercise or cancellation of employee stock options or warrants; (vii) have a functional currency other than the U.S. dollar; (viii) own or have owned directly, indirectly, or constructively, 10% or more (by vote or value) of all outstanding shares of Karora (and after the Arrangement, Westgold and SpinCo); (ix) are U.S. expatriates; (x) are subject to special tax accounting rules as a result of any item of gross income with respect to Karora Shares or Karora Class A Shares (and after the Arrangement, Westgold Shares or SpinCo Shares) being taken into account in an applicable financial statement; (xi) are subject to the alternative minimum tax; (xii) are deemed to sell Karora Shares or Karora Class A Shares (or after the Arrangement, Westgold Shares or SpinCo Shares) under the constructive sale provisions of the Code; or (xiii) own or will own Karora Shares, Karora Class A Shares, Westgold Shares and/or SpinCo Shares that it acquired at different times or at different market prices or that otherwise have different per share cost bases or holding periods for U.S. tax purposes.

In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax and the Medicare contribution tax on certain net investment income), nor

For personal use only

does it address any aspects of U.S. state, local or non-U.S. taxes. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of Westgold Shares and SpinCo Shares following the Arrangement.

For the purposes of this summary, "**U.S. Holder**" means a beneficial owner of Karora Shares, Karora Class A Shares, Westgold Shares, or SpinCo Shares (as applicable) that is: (i) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes; (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the U.S., any U.S. state, or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust that (A) is subject to the primary jurisdiction of a court within the U.S. and for which one or more U.S. persons have authority to control all substantial decisions or (B) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a pass-through entity, including a partnership or other entity taxable as a partnership for U.S. federal income tax purposes, holds Karora Shares, Karora Class A Shares, Westgold Shares or SpinCo Shares, the U.S. federal income tax treatment of an owner or partner generally will depend on the status of such owner or partner and on the activities of the pass-through entity. This summary does not address any U.S. federal income tax consequences to such owners or partners of a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holding Karora Shares, Karora Class A Shares, Westgold Shares or SpinCo Shares and such persons are urged to consult their own tax advisors.

For purposes of this summary, "**non-U.S. Holder**" means a beneficial owner of Karora Shares, Karora Class A Shares, Westgold Shares or SpinCo Shares (as applicable) other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the Arrangement to non-U.S. Holders. Accordingly, non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income, other U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application and operation of any income tax treaties) of the Arrangement.

This summary assumes that the Karora Shares, Karora Class A Shares, Westgold Shares and SpinCo Shares are or will be held as capital assets (generally, property held for investment), within the meaning of the Code, in the hands of a U.S. Holder at all relevant times.

U.S. Federal Income Tax Consequences for Dissenting U.S. Holders

Subject to the PFIC rules discussed below under "*Tax Consequences if Karora is Classified as a PFIC*", a U.S. Holder that exercises Dissent Rights in connection with the Arrangement (a "**Dissenting U.S. Holder**") and receives cash for all of such U.S. Holder's Karora Shares will be treated as receiving amounts in redemption of such shares for U.S. federal income tax purposes. The redemption proceeds should be treated as received in exchange for a U.S. Holder's Karora Shares as a redemption of all of such U.S. Holder's Karora Shares.

A U.S. Holder who is treated as receiving the cash proceeds in redemption for all of its Karora Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the amount of cash received by such U.S. Holder in exchange for the Karora Shares and (b) the adjusted tax basis of such U.S. Holder in the Karora Shares surrendered. Such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Karora Shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code.

U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout

The Arrangement will be effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law and thus will be discussed herein in terms of two component transactions, the Recapitalization and the Spinout (as such terms are defined below) for U.S. federal income tax purposes. Accordingly, the U.S. federal income tax consequences of certain aspects of the Arrangement are not certain. There can be no assurance that the IRS will not challenge the U.S. federal income tax treatment of the Arrangement or that, if challenged, a U.S. court would not agree with the IRS. Each U.S. Holder should consult its own tax advisors regarding the proper treatment of the Arrangement for U.S. federal income tax purposes.

Recapitalization of Karora Shares

The (i) amendment to the authorized share capital of Karora and the creation of an unlimited number of Karora Class A Shares and (ii) the exchange by the Karora Shareholders of the Karora Shares for Karora Class A Shares, taken together (the "**Recapitalization**"), will be treated for U.S. federal income tax purposes as a tax-deferred exchange by the Karora Shareholders of their Karora Shares for Karora Class A Shares under section 368(a)(1)(E) of the Code. A transaction qualifying under one of the subparagraphs of section 368(a)(1) of the Code is referred to in this discussion as a "**Reorganization**". The U.S. federal income tax consequences of the Recapitalization will be subject to applicable rules as discussed below under "*Tax Consequences if the Spinout Qualifies as a Reorganization – U.S. Holders that receive Spinout Shares*" and the applicable discussions in "*Tax Consequences if Karora is Classified as a PFIC*" which discuss the consequences of the Spinout if it is treated as a Reorganization.

The Spinout of Spinout Shares

Due to the nature of SpinCo's assets and activities following the close of the Arrangement, it is unclear whether the (i) transfer by Karora of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for which SpinCo will issue to Karora the SpinCo Shares; (ii) transfer of all SpinCo Shares held by Karora to the Karora Shareholders (other than Dissenting Shareholders) on the basis of 0.3 SpinCo Shares for each Karora Share held by each Karora Shareholder at the Effective Time; and (iii) cancellation of the Karora Shares, taken together (the transactions described in clauses (i)-(iii), collectively, the "**Spinout**") will qualify as a Reorganization under section 368(a)(1)(D) of the Code.

In order for the Spinout to qualify as a Reorganization, among other requirements, SpinCo would have to be engaged in an "active trade or business" (as such term is defined in section 355 of the Code) with respect to the Transferred Assets immediately after the Spinout. Due to the level of activities conducted by SpinCo with respect to the Transferred Assets, it is unclear whether such activities would be treated as sufficient to treat SpinCo as being engaged in an "active trade or business" for this purpose. Whether SpinCo would satisfy this requirement or other requirements imposed by section 355 of the Code is fundamentally factual in nature and depends on the application of complex U.S. federal income tax rules which are subject to differing interpretations. No opinion of legal counsel and no ruling from the IRS concerning the U.S. federal income tax consequences of the Spinout has been obtained and none will be requested. Each U.S. Holder should consult its own tax advisors regarding the U.S. federal income tax consequences of the Spinout, including the requirements of Sections 368 and 355 of the Code and the "active trade or business" requirement.

Tax Consequences to U.S. Holders if the Spinout Does Not Qualify as a Reorganization

Subject to the PFIC rules discussed below under "*Passive Foreign Investment Company Rules*", if the Spinout does not qualify as a Reorganization, a U.S. Holder that receives SpinCo Shares may be treated as receiving a distribution of property in an amount equal to the fair market value of the SpinCo Shares received on the distribution date (without reduction for any Canadian income or other tax withheld from such distribution). Such distribution would be taxable to such a U.S. Holder as a dividend to the extent of Karora's current and accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent the fair market value of the SpinCo Shares distributed exceeds Karora's adjusted tax basis in such shares (as calculated for U.S. federal income tax purposes), the Spinout can be expected to generate additional earnings and profits for Karora in an amount equal to such excess. Any such dividend generally will not be eligible for the "dividends received deduction" in the case of U.S. Holders that are corporations. To the extent that the fair market value of the SpinCo Shares exceeds the current and accumulated earnings and profits of Karora, the distribution of the SpinCo Shares pursuant to the Spinout will be treated first as a non-taxable return of capital to the extent of a U.S. Holder's tax basis in the Karora Class A Shares, with any remaining amount being taxed as a capital gain, which will be long-term capital gain if the Karora Class A Shares are held for more than one year. However, Karora may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and U.S. Holders may therefore need to assume that, if the Spinout is treated as a distribution for U.S. federal income tax purposes, it will constitute ordinary dividend income in its entirety. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code. If the Spinout does not qualify as a Reorganization and is treated as a dividend for U.S. federal income tax purposes, the basis of each of the SpinCo Shares received

For personal use only

pursuant to the Spinout will equal its fair market value, and the holding period for the SpinCo Shares will begin on the day after the Spinout.

Alternatively, for purposes of analyzing the U.S. federal income tax consequences to a U.S. Holder in the event that the Spinout does not qualify as a Reorganization, the Spinout could be treated as a transaction integrated with the exchange of Karora Class A Shares for the Consideration (as defined below). Consequently, subject to the PFIC rules discussed below under "*Tax Consequences if Karora is Classified as a PFIC*", a U.S. Holder should be treated as receiving SpinCo Shares in a deemed redemption of its Karora Class A Shares for U.S. federal income tax purposes. Subject to the PFIC rules discussed below under "*Tax Consequences if Karora is Classified as a PFIC*", a U.S. Holder who is treated as receiving the SpinCo Shares in a deemed redemption of its Karora Class A Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the fair market value of the SpinCo Shares received by such U.S. Holder in such deemed exchange for the Karora Class A Shares and (b) the adjusted tax basis of such U.S. Holder in the Karora Class A Shares deemed to be surrendered. Such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Karora Class A Shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code. If the Spinout does not qualify as a Reorganization and is treated as a deemed redemption of a U.S. Holder's Karora Class A Shares for U.S. federal income tax purposes, the basis of each of the SpinCo Shares received in the exchange will equal its fair market value, and the holding period for the SpinCo Shares will begin on the day after the exchange.

Each U.S. Holder should consult its own tax advisors regarding the U.S. federal income tax consequences of the Spinout, including whether a Spinout that fails to qualify as a Reorganization may be treated more properly as a distribution or as a redemption described above.

If Karora is classified as a PFIC for any tax year in which a U.S. Holder held Karora Class A Shares and such U.S. Holder is a Non-Electing Shareholder, the transaction, whether characterized as a distribution (to the extent treated as a dividend out of the earnings and profits of Karora) or as a redemption will be subject to the default PFIC rules discussed below under the heading "*Default PFIC Rules Under Section 1291 of the Code.*" As discussed below, Karora believes that it was not a PFIC for its taxable year ended December 31, 2023, and no determination has been made regarding whether Karora may be treated as a PFIC for the current taxable year.

Tax Consequences if the Spinout Qualifies as a Reorganization – U.S. Holders that receive SpinCo Shares

Subject to (i) the assumptions, limitations and qualifications referred to herein and (ii) the PFIC rules discussed below, if the Spinout qualifies as a Reorganization, the Spinout generally will result in the following U.S. federal income tax consequences to U.S. Holders:

- a U.S. Holder who receives SpinCo Shares in the Spinout generally will not recognize any gain or loss in connection with the Spinout;
- a U.S. Holder shall be deemed to have exchanged a portion of the Karora Class A Shares received pursuant to the Recapitalization for SpinCo Shares in the Spinout, and the aggregate basis of Karora Class A Shares deemed held and exchanged by the U.S. Holder generally will be allocated among such U.S. Holder's SpinCo Shares in proportion to their relative fair market values;
- a U.S. Holder shall be deemed to have exchanged a portion of the Karora Class A Shares received pursuant to the Recapitalization for SpinCo Shares in the Spinout, and the holding period of the SpinCo Shares received by the U.S. Holder pursuant to the Spinout generally will include the holding period of the Karora Class A Shares deemed exchanged therefor; and
- a U.S. Holder who receives SpinCo Shares pursuant to the Spinout generally will be required to report certain information to the IRS on its U.S. federal income tax return for the taxable year in which the Spinout occurs and to retain certain records related to the Spinout.

Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC

Notwithstanding the possible treatment of the Spinout as a Reorganization, as described above, the Spinout could be a taxable event to U.S. Holders under the passive foreign investment company ("**PFIC**") rules. A U.S. Holder of Karora Class A Shares would be subject to special, potentially adverse tax rules in respect of the Spinout if Karora was classified as a PFIC for U.S. federal income tax purposes for any tax year during which such U.S. Holder, if a Non-Electing Shareholder (defined below), holds or held Karora Class A Shares. A non-United States corporation, such as Karora, will be classified as a PFIC, for U.S. federal income tax purposes, if, in the case of any particular taxable year, either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of its average quarterly value of its assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income. For this purpose, "gross income" generally includes sales revenues less cost of goods sold, plus income from investment and from incidental or outside operations or sources, and "passive income" generally includes, among other things, dividends, interest, certain rents, royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. In addition, cash is categorized as a passive asset and Karora's unbooked intangibles associated with active business activities may generally be classified as active assets. Karora will generally be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Karora believes that it was not a PFIC for its taxable year ended December 31, 2023, and no determination has been made regarding whether Karora may be treated as a PFIC for the current taxable year. The determination of PFIC status is fundamentally factual in nature, depends on the application of complex U.S. federal income tax rules which are subject to differing interpretations, and generally cannot be made until the close of the taxable year in question. Accordingly, there can be no assurance that the IRS will not challenge any determination made by Karora concerning its PFIC status. Each U.S. Holder should consult its own tax advisors regarding the PFIC status of Karora.

Even if the Spinout qualifies as a Reorganization, section 1291(f) of the Code requires that, to the extent provided in regulations, a U.S. person that disposes or is deemed to dispose of stock of a PFIC must recognize gain notwithstanding any other provision of the Code. No final Treasury Regulations are in effect under section 1291(f) of the Code. Proposed Treasury regulations under section 1291(f) of the Code were promulgated in 1992, with a retroactive effective date once they become finalized. If finalized in their present form, those regulations would generally require taxable gain recognition by a Non-Electing Shareholder (defined below) with respect to its deemed exchange of Karora Class A Shares for SpinCo Shares in the Spinout if Karora were classified as a PFIC at any time during such holder's holding period in the Karora Class A Shares, unless an exception described below applies. If the PFIC rules applied to a U.S. Holder, the amount of any such gain recognized by a Non-Electing Shareholder in connection with the Spinout would be equal to the excess, if any, of the fair market value of the SpinCo Shares received in the deemed exchange over the U.S. Holder's adjusted tax basis in the Karora Class A Shares deemed exchanged. Proposed Regulation 1.1291-3 provides that the U.S. Holder will be treated as having disposed of the Karora Class A Shares in exchange for "new" Karora Class A Shares and SpinCo Shares. Thus, the amount realized will be the combined fair market value of the Karora Class A Shares deemed to be retained and the SpinCo Shares received (determined as of the time of the exchange) plus the U.S. dollar amount of the cash, if any, received. Under the PFIC rules, the following tax consequences would result with regard to such U.S. Holder's federal income tax liability with respect to the Spinout:

- the deemed exchange of the Karora Class A Shares pursuant to the Spinout may be treated as a fully taxable exchange even if such transaction qualifies as a Reorganization;
- any gain on the deemed sale, exchange or other disposition of Karora Class A Shares will be allocated ratably over such U.S. Holder's holding period;
- the amount allocated to the current year and to any tax year prior to the first year in which Karora was classified as a PFIC will be taxed as ordinary income in the current year;
- the amounts allocated to each of the other tax years will be subject to tax as ordinary income at the highest rate of tax in effect for individuals or corporations (as applicable) for that year;

- an interest charge for a deemed deferral benefit will be imposed with respect to the resulting tax attributable to each of the other tax years; and
- any loss realized would generally not be recognized if the Spinout qualifies as a Reorganization.

A U.S. Holder who has made a "mark-to-market" election under Section 1296 of the Code ("**Mark-to-Market Election**") described below or a timely and effective election to treat Karora as a "qualified electing fund" ("**QEF**") under Section 1295 of the Code ("**QEF Election**") generally may mitigate the PFIC consequences described above with respect to the Spinout.

With respect to the QEF Election, no assurance can be provided that Karora will provide such information to U.S. Holders for the taxable year of the Spinout. A U.S. Holder who does not make a timely QEF Election or Mark-to-Market Election is referred to for purposes of this summary as a "**Non-Electing Shareholder**." U.S. Holders should consult with their own tax advisors regarding the potential application of the PFIC rules, including any elections thereunder.

Pursuant to the proposed Regulations under section 1291(f) of the Code, a Non-Electing Shareholder (i) does not recognize gain in a transaction that qualifies as a tax-deferred reorganization under section 368(a) of the Code where the Non-Electing Shareholder transfers stock in a PFIC so long as such Non-Electing Shareholder receives in exchange solely stock of another corporation that qualifies as a PFIC for its tax year that includes the date after the date of transfer (for purposes of this summary, this exception is referred to as the "**PFIC-for-PFIC Exception**"), and (ii) generally does recognize gain (but not loss) in a transaction that qualifies as a tax-deferred reorganization under Section 368(a) of the Code where the Non-Electing Shareholder transfers stock in a PFIC and receives in exchange stock of a non-U.S. corporation that does not qualify as a PFIC for its tax year that includes the date after the date of transfer.

As discussed below, no determination has been made regarding whether Karora or SpinCo may be treated as a PFIC for the current taxable year. If the proposed Regulations were finalized and made applicable to the Spinout (even if it occurs after the effective date of the Spinout) and both Karora and SpinCo are treated as PFICs for the tax year that includes the date after the date of the Spinout, the PFIC-for-PFIC Exception could be available to the U.S. Holders. As discussed above, the determination of PFIC status is fundamentally factual in nature, depends on the application of complex U.S. federal income tax rules which are subject to differing interpretations, and generally cannot be made until the close of the taxable year in question. Accordingly, there can be no assurance regarding PFIC status of SpinCo during the tax year which includes the date after the effective date of the Spinout or the availability of the PFIC-for-PFIC Exception.

In addition, it should be noted that the proposed Regulations were issued in 1992 and they state that they are to be effective for transactions occurring on or after 1 April 1992. Because, however, the proposed Regulations have not yet been finalized, they are not currently effective, and there is no assurance they will be finalized in their current form and with the effective date proposed. Nevertheless, the IRS has announced that, in the absence of final Treasury Regulations, taxpayers must apply reasonable interpretation of the Code provisions applicable to PFICs and that it considers the rules set forth in the proposed Treasury Regulations to be reasonable interpretations of those Code provisions. The U.S. federal income tax consequences to a U.S. Holder set forth above in "*Tax Consequences if the Spinout Qualifies as a Reorganization – U.S. Holders that receive SpinCo Shares*" or "*Tax Consequences to U.S. Holders if the Spinout Does Not Qualify as a Reorganization*" (as applicable) assume that the provisions set forth in the proposed Treasury Regulations will apply to the exchange of the Karora Class A Shares. However, final Treasury Regulations ultimately issued by the Treasury Department could be introduced with an effective date retroactive to the taxable year of the Reorganization and Spinout and treat the deemed exchange of the Karora Class A Shares as a fully taxable exchange on some alternative basis.

If the Spinout qualifies as a Reorganization and gain is not recognized under the proposed Treasury Regulations as a result of the application of the PFIC-for-PFIC exception, a U.S. Holder's holding period for the SpinCo Shares received pursuant to the Spinout for purposes of applying the PFIC rules would include the period during which the U.S. Holder held its Karora Class A Shares. As a result, a subsequent disposition of the SpinCo Shares in a taxable transaction would be taxable under the default PFIC rules described above to a Non-Electing Shareholder. U.S. Holders should consult their own tax advisors regarding whether the proposed Treasury Regulations under section 1291 of the Code would apply if the Spinout qualifies as a Reorganization.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder may have to file an IRS Form 8621 (whether or not a QEF Election or Mark-to-Market Election is made) and such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations until such required information is furnished to the IRS. Each U.S. Holder should consult its own tax advisors regarding the potential application of the PFIC rules to the Spinout, and any information reporting responsibilities in connection therewith.

U.S. Federal Income Tax Consequences of the Arrangement – Exchange of Karora Class A Shares for Westgold Shares and Cash Consideration

A U.S. Holder of Karora Class A Shares will recognize gain or loss on the exchange of its Karora Class A Shares for (i) Westgold Shares and (ii) Cash Consideration (clauses (i) and (ii), collectively, the "**Westgold Consideration**") equal to the difference between the fair market value of the Westgold Consideration received and the adjusted basis in the Karora Class A Shares surrendered (which, if the Spinout does not qualify as a Reorganization and is characterized for U.S. federal income tax purposes as a redemption of a U.S. Holder's Karora Class A Shares, will only include the tax basis not otherwise apportioned to Karora Class A Shares deemed exchanged pursuant to the Spinout. See "*Tax Consequences to U.S. Holders if the Spinout Does not Qualify as a Reorganization*" above). For this purpose, U.S. Holders of Karora Class A Shares must calculate gain or loss separately for each identified block of Karora Class A Shares exchanged (that is, Karora Class A Shares acquired at the same cost in a single transaction). The basis of each of the Westgold Shares received in the exchange will equal its fair market value, and the holding period for the Westgold Shares will begin on the day after the exchange.

Subject to the PFIC rules discussed below, any gain recognized in the exchange of Karora Class A Shares for the Westgold Consideration generally will be treated as capital gain and will be long-term capital gain if the U.S. Holder's holding period for the Karora Class A Shares is more than one year at the time of such exchange. Long-term capital gains of non-corporate U.S. Holders are eligible for reduced rates of taxation. Any capital gain will generally be treated as U.S. source gain or loss for U.S. foreign tax credit purposes. Deductions for capital losses are subject to significant limitations under the Code.

Gain on the disposition of stock in a corporation treated as a PFIC with respect to a U.S. Holder is subject to special adverse U.S. federal income tax rules, discussed more fully below under "*Passive Foreign Investment Company Rules – Default PFIC Rules Under Section 1291 of the Code*", unless such holder has timely made certain elections as described in more detail in "*Passive Foreign Investment Company Rules – QEF Election and – Mark-to-Market Election*" below. As discussed above, Karora believes that it was not a PFIC for its taxable year ended December 31, 2023, and no determination has been made regarding whether Karora may be treated as a PFIC for the current taxable year.

U.S. Federal Income Tax Consequences Related to the Ownership and Disposition of SpinCo Shares and Westgold Shares

If the Arrangement is approved by Karora Shareholders, each Karora Shareholder will ultimately receive 0.3 of a SpinCo Share and 2.524 Westgold Shares for each Karora Share held by such Karora Shareholder. If the Arrangement is not approved by the Karora Shareholders, each Karora Shareholder shall retain their Karora Shares. The U.S. federal income tax consequences to a U.S. Holder related to the ownership and disposition of SpinCo Shares or Westgold Shares, as the case may be, will generally be the same and are described below.

In General

The following discussions are subject to the rules described below under the heading "*Passive Foreign Investment Company Rules.*"

Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a SpinCo Share or Westgold Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian or Australian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the distributing company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the distributing company is a PFIC. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the distributing

company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the shares of the distributing company and thereafter as gain from the sale or exchange of such shares. See the discussion below under the heading "*Sale or Other Taxable Disposition of Shares.*" However, the distributing company may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution with respect to the SpinCo Shares or Westgold Shares will constitute ordinary dividend income. Dividends received on SpinCo Shares or Westgold Shares generally will not be eligible for the "dividends received deduction". In addition, distributions from Westgold or SpinCo (either on Westgold Shares or SpinCo Shares) will not constitute qualified dividend income eligible for the preferential tax rates applicable to long-term capital gains if the distributing company were a PFIC either in the year of the distribution or in the immediately preceding year, or if the distributing company is not eligible for the benefits of the applicable U.S. tax treaty and its shares are not readily tradable on an established securities market in the U.S. The dividend rules are complex, and each U.S. Holder should consult its own tax adviser regarding the application of such rules.

Sale or Other Taxable Disposition of Shares

Upon the sale or other taxable disposition of SpinCo Shares or Westgold Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder's adjusted tax basis in such shares sold or otherwise disposed of. A U.S. Holder's tax basis in SpinCo Shares or Westgold Shares generally will be such holder's U.S. dollar cost for such shares. Gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the shares have been held for more than one year.

Preferential tax rates apply to long-term capital gain of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gain of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company Rules

The following discussion addresses the PFIC rules and their application to Karora in connection with the Arrangement (discussed above), and SpinCo and Westgold following the Arrangement.

If Karora, SpinCo or Westgold were to constitute a PFIC under the meaning of section 1297 of the Code (as described above under "*Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*") for any year during a U.S. Holder's holding period, then certain potentially adverse rules will affect the U.S. federal income tax consequences to such U.S. Holder resulting from the acquisition, ownership and disposition of Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable. Karora and Westgold each believe that they were not a PFIC for their taxable years ended December 31, 2023, and no determination has been made regarding whether Karora, SpinCo or Westgold may be treated as a PFIC for the current taxable year or any subsequent year. The determination of whether any corporation was, or will be, a PFIC for a tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any tax year depends on the assets and income of such corporation over the course of each such tax year and, as a result, cannot be predicted with certainty as of the date of this Circular. Accordingly, there can be no assurance that the IRS will not challenge whether Karora, SpinCo or Westgold (or a Subsidiary PFIC as defined below) was a PFIC in a prior year or whether Karora, SpinCo or Westgold is or will be a PFIC in the current or future years. Each U.S. Holder should consult its own tax advisors regarding the PFIC status of Karora, SpinCo and Westgold and any of their Subsidiary PFICs.

Each U.S. Holder generally must file an IRS Form 8621 reporting distributions received and gain realized with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. In addition, subject to certain rules intended to avoid duplicative filings, U.S. Holders generally must file an annual information return on IRS Form 8621 with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. Each U.S. Holder should consult its own tax advisors regarding these and any other applicable information or other reporting requirements.

Under certain attribution rules, if either Karora, SpinCo or Westgold is a PFIC, U.S. Holders will generally be deemed to own their proportionate share of its direct or indirect equity interest in any subsidiary that is also a PFIC (a "**Subsidiary PFIC**"), and will be subject to U.S. federal income tax on any indirect gain realized on the stock of a Subsidiary PFIC upon the sale of the Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, and their proportionate share of (a) any excess distributions on the stock of a Subsidiary PFIC and (b) a disposition or

deemed disposition of the stock of a Subsidiary PFIC by Karora, SpinCo or Westgold or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. Accordingly, with respect to SpinCo and Westgold, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of SpinCo Shares or Westgold Shares are made.

Default PFIC Rules Under Section 1291 of the Code

If either Karora, SpinCo or Westgold is a PFIC for any tax year during which a U.S. Holder owns Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, the U.S. federal income tax consequences to such U.S. Holder of the ownership, and disposition of such shares will depend on whether and when such U.S. Holder makes a QEF Election to treat Karora, SpinCo or Westgold, as applicable, and each Subsidiary PFIC, if any, as a QEF under section 1295 of the Code or makes a Mark-to-Market Election.

A Non-Electing Shareholder will be subject to the rules of section 1291 of the Code (described below) with respect to (a) any gain recognized on the sale or other taxable disposition of Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, and (b) any excess distribution received on the Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. Holder's holding period for the applicable shares, if shorter).

Under section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, (including an indirect disposition of the stock of any Subsidiary PFIC), and any "excess distribution" received on such shares, must be ratably allocated to each day in a Non-Electing Shareholder's holding period for the respective shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year without regard to the shareholder's net operating losses or other U.S. federal income tax attributes, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A Non-Electing Shareholder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If either Karora, SpinCo or Westgold is a PFIC for any tax year during which a Non-Electing Shareholder holds Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, the applicable company will continue to be treated as a PFIC with respect to such Non-Electing Shareholder, regardless of whether that company ceases to be a PFIC in one or more subsequent tax years. A Non-Electing Shareholder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of section 1291 of the Code discussed above), but not loss, as if such shares were sold on the last day of the last tax year for which the applicable company was a PFIC.

QEF Election

A U.S. Holder that makes a timely and effective QEF Election for the first tax year in which its holding period of its Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, begins generally will not be subject to the rules of section 1291 of the Code discussed above with respect to those shares. A U.S. Holder that makes a timely and effective QEF Election will be subject to U.S. federal income tax on such U.S. Holder's *pro rata* share of (a) the net capital gain of Karora, SpinCo or Westgold, as applicable, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of Karora, SpinCo or Westgold, as applicable, which will be taxed as ordinary income to such U.S. Holder. Generally, "net capital gain" is the excess of (a) net long-term capital gain over (b) net short term capital loss, and "ordinary earnings" are the excess of (a) "earnings and profits" over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each tax year in which Karora, SpinCo or Westgold, as applicable, is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder. However, for any tax year in which Karora, SpinCo or Westgold, as applicable, is a PFIC and has no net income or gain as determined for U.S. income tax purposes, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as "personal interest," which is not deductible.

A U.S. Holder that makes a timely and effective QEF Election with respect to Karora, SpinCo or Westgold, as applicable, generally (a) may receive a tax-free distribution from the applicable company to the extent that such distribution represents "earnings and profits" of the distributing company that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder's tax basis in the shares of the applicable company to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as "timely" if such QEF Election is made for the first year in the U.S. Holder's holding period for the Karora Class A Shares, SpinCo Shares or Westgold Shares in which Karora, SpinCo or Westgold, as applicable, was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year. If the Spinout and the Recapitalization each qualify as a Reorganization, (i) the holding period of the SpinCo Shares received by the U.S. Holder pursuant to the Spinout generally will include the holding period of the Karora Class A Shares deemed exchanged therefor, and (ii) the holding period of the Karora Class A Shares received by the U.S. Holder pursuant to the Recapitalization generally will include the holding period of the Karora Shares exchanged therefor. Thus, a timely QEF Election may not be able to be made with respect to the SpinCo Shares or Karora Class A Shares. If a U.S. Holder does not make a timely and effective QEF Election for the first year in the U.S. Holder's holding period for the SpinCo Shares or Karora Class A Shares, the U.S. Holder may still be able to make a timely and effective QEF Election in a subsequent year if such U.S. Holder meets certain requirements and makes a "purging" election to recognize gain (which will be taxed under the rules of section 1291 of the Code discussed above) as if such shares were sold for their fair market value on the day the QEF Election is effective. If a U.S. Holder owns PFIC stock indirectly through another PFIC, separate QEF Elections must be made for the PFIC in which the U.S. Holder is a direct shareholder and the Subsidiary PFIC in order for the QEF rules to apply to both PFICs.

A QEF Election will apply to the tax year for which such QEF Election is timely made and to all subsequent tax years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent tax year, i.e., following the Arrangement, SpinCo or Westgold ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those tax years in which SpinCo or Westgold, as applicable, is not a PFIC. Accordingly, if SpinCo or Westgold becomes a PFIC in another subsequent tax year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent tax year in which SpinCo or Westgold, as applicable, qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurances that Karora, SpinCo or Westgold will satisfy the record keeping requirements that apply to a QEF for the current or future years, or that Karora, SpinCo or Westgold will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in the event that Karora, SpinCo or Westgold is a PFIC. Neither Karora, SpinCo nor Westgold commits to provide information to its shareholders that would be necessary to make a QEF Election with respect to Karora, SpinCo or Westgold for any year in which it is a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Karora, SpinCo or Westgold (or with respect to any Subsidiary PFIC). Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a QEF Election.

A U.S. Holder makes a QEF Election by attaching a completed IRS Form 8621, including a PFIC Annual Information Statement, to a timely filed United States federal income tax return. However, if Karora, SpinCo or Westgold does not provide the required information with regard to Karora, SpinCo or Westgold or any of their Subsidiary PFICs, U.S. Holders will not be able to make a QEF Election for such entity and will continue to be subject to the rules discussed above that apply to Non-Electing Shareholders with respect to the taxation of gains and excess distributions.

Mark-to-Market Election

A U.S. Holder may make a Mark-to-Market Election only if the Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, are marketable stock. These shares generally will be "marketable stock" if they are regularly traded on: (i) a national securities exchange that is registered with the SEC; (ii) the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934; or (iii) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that: (i) such foreign exchange has trading volume, listing, financial disclosure, and surveillance requirements, and meets other

requirements and the laws of the country in which such foreign exchange is located, and together with the rules of such foreign exchange, ensure that such requirements are actually enforced; and (ii) the rules of such foreign exchange effectively promote active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. The Karora Shares trade on the TSX, the SpinCo Shares are expected to be traded on the TSXV, and the Westgold Shares trade on the ASX, each of which are expected to constitute a qualified foreign exchange; however, there is no assurance that the Karora Class A Shares, SpinCo Shares or Westgold Shares will be marketable stock for this purpose.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Karora Class A Shares, SpinCo Shares or Westgold Shares generally will not be subject to the rules of section 1291 of the Code discussed above with respect to such shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder's holding period for such shares or such U.S. Holder has not made a timely QEF Election, the rules of section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, those shares.

A U.S. Holder that makes a Mark-to-Market Election with respect to Karora Class A Shares, SpinCo Shares or Westgold Shares will include in ordinary income, for each tax year in which Karora, SpinCo or Westgold, as applicable, is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the applicable shares, as of the close of such tax year over (b) such U.S. Holder's tax basis in such shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in the applicable shares, over (b) the fair market value of such shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election with respect to Karora Class A Shares, SpinCo Shares or Westgold Shares generally also will adjust such U.S. Holder's tax basis in the applicable shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of such shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years). Losses that exceed this limitation are subject to the rules generally applicable to losses provided in the Code and Treasury Regulations.

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Karora Class A Shares, SpinCo Shares or Westgold Shares, as applicable, cease to be "marketable stock" or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisors regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Karora Class A Shares, SpinCo Shares or Westgold Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning. Hence, the Mark-to-Market Election will not be effective to eliminate the application of the default rules of section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

The PFIC rules are complex, and each U.S. Holder should consult with its own tax advisors regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the Arrangement and the acquisition, ownership, and disposition of SpinCo Shares or Westgold Shares.

Additional Considerations

Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax in connection with the Arrangement or Canadian or Australian income tax in connection with the ownership or disposition of SpinCo Shares or Westgold Shares, respectively, may elect to deduct or credit such non-U.S. income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year. The foreign tax credit rules are complex and involve the application

of rules that depend on a U.S. Holder's particular circumstances. Each U.S. Holder should consult its own U.S. tax advisors regarding the foreign tax credit rules.

Receipt of Foreign Currency

The U.S. dollar value of any cash payment in Canadian or Australian dollars (with respect to payments made by SpinCo or Westgold, respectively) to a U.S. Holder will be translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the dividend, regardless of whether the Canadian or Australian dollars are converted into U.S. dollars at that time. A U.S. Holder will generally have a tax basis in the Canadian or Australian dollars equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in Canadian or Australian dollars and converts or disposes of the Canadian or Australian dollars after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, which generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian or Australian dollars.

Reporting Requirements for Significant Holders

If the Recapitalization or the Spinout qualifies as a Reorganization, U.S. Holders that are "significant holders" within the meaning of Treasury Regulations section 1.368-3(c) are required to report certain information to the IRS on their U.S. federal income tax returns for the taxable year in which the Arrangement occurs and all such U.S. Holders must retain certain records related to the Arrangement. Each U.S. Holder should consult its own tax advisors regarding its information reporting and record retention responsibilities in connection with the Arrangement.

Information Reporting and Backup Withholding Tax

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, section 6038D of the Code generally imposes U.S. return disclosure obligations (and related penalties) on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain thresholds. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their shares are held in an account at a domestic financial institution. A U.S. Holder's disclosure of foreign financial assets pursuant to section 6038D of the Code should be made on IRS Form 8938. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisers regarding the requirements of filing information returns under these rules, including the requirement to file an IRS Form 8938.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of (a) distributions on the SpinCo Shares or Westgold Shares, (b) proceeds arising from the sale or other taxable disposition of Karora Class A Shares, SpinCo Shares or Westgold Shares, or (c) any payments received in connection with the Arrangement (including, but not limited to, U.S. Holders exercising dissent rights under the Arrangement) generally may be subject to information reporting and backup withholding tax, at the current rate of 24% if a U.S. Holder (i) fails to furnish its correct U.S. taxpayer identification number (generally on IRS Form W-9), (ii) furnishes an incorrect U.S. taxpayer identification number, (iii) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (iv) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the U.S. Backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisors regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO SECURITYHOLDERS WITH RESPECT TO THE DISPOSITION OF SECURITIES PURSUANT TO THE ARRANGEMENT OR THE OWNERSHIP AND

DISPOSITION OF THOSE SECURITIES RECEIVED PURSUANT TO THE ARRANGEMENT. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

PART 20. MANAGEMENT CONTRACTS

Management services for the Corporation are not, to any material degree, performed by persons other than the directors and executive officers of the Corporation.

PART 21. INFORMATION CONCERNING THE CORPORATION

Karora is a reporting issuer in each of the provinces of Canada. Karora's head office is located at 141 Adelaide Street West, Suite 1608, Toronto, Ontario M5H 3L5. The Corporation's telephone number is (416) 363-0649.

Karora is a multi-operational mineral resource company with its mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine, Higginsville Gold Operations, Lakewood Mill and Spargos Reward Gold Mine. Beta Hunt is a gold producing underground operation with a nickel by-product. Karora's mineral property interests at Beta Hunt and Higginsville host a large historical resource inventory, substantial portfolio of gold tenements and a series of open pits and underground operations. Karora's growth pathway is underpinned by the increased milling capacity now in place at Higginsville and following the acquisition of the Lakewood Mill in 2022, along with the addition of a second decline and related ventilation upgrades at Beta Hunt intended to increase production to 2.0 Mtpa during 2024.

Further information regarding the business of Karora, its corporate structure, operations and its mineral properties can be found in Karora's annual information form for the year ended December 31, 2023 and Karora's interim financial statements for the three months ended March 31, 2024.

PART 22. INFORMATION CONCERNING SPINCO

Pursuant to the Plan of Arrangement and the SpinCo Contribution Agreement, Karora will transfer all of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for the SpinCo Shares. Following the transfer, Karora will, pursuant to the Plan of Arrangement, distribute the SpinCo Distribution Shares, representing 100% of the issued and outstanding SpinCo Shares, to Participating Former Karora Shareholders as part of the Consideration, so that on completion of the Arrangement, former Karora Shareholders will own 100% of SpinCo.

After completion of the Arrangement, the business and operations of SpinCo will be managed and operated as a stand-alone corporation. The principal executive office of SpinCo will be located at Suite 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1A4.

Additional Information on SpinCo

For more information on SpinCo, including information about the individuals who will be the directors and executive officers of SpinCo and SpinCo's capital structure, see Appendix N of this Circular, and for SpinCo's financial statements, including pro forma financial statements, see Appendix Q of this Circular.

PART 23. INFORMATION CONCERNING WESTGOLD AND ACQUIRECO

Westgold is a company registered in Western Australia. Westgold is a mid-tier gold producer with a large and strategic land package situated in the Murchison and Bryah regions of Western Australia. Westgold's purpose is to create intergenerational wealth for its shareholders, staff and stakeholders by leveraging its gold assets. With over 1,300 staff and contractors, Westgold is a dominant gold miner in the Australian Mid-West.

After listing on the ASX in December 2016, Westgold has consolidated over 1,300km² of mining titles across three key business units. These units encompass the Fortnum operations located in the Bryah region to the north, and the

Meekatharra and Cue operations located in the Murchison region. Westgold's operations are supported by its wholly owned mining equipment, fleet and services units.

The head office and registered office of Westgold is located at Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000. Westgold Shares are listed and posted for trading on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXR".

AcquireCo, being a direct wholly owned subsidiary of Westgold, is a corporation incorporated under the laws of the Province of British Columbia. AcquireCo was incorporated on April 5, 2024 as 1474429 B.C. Ltd. To date, AcquireCo has not carried on any business except in connection with its role in the Arrangement.

The authorized capital of AcquireCo consists of an unlimited number of common shares.

Additional Information about Westgold

For more information regarding the business of Westgold, its operations and mineral properties, see Appendix L of this Circular.

PART 24. INFORMATION CONCERNING THE COMBINED COMPANY

On completion of the Arrangement, AcquireCo will directly own, and Westgold will indirectly own, all of the issued and outstanding shares in the capital of Karora. After completion of the Arrangement, the business and operations of Karora will be managed and operated as an indirect subsidiary of Westgold. Westgold expects that the business and operations of Westgold and Karora will be consolidated and the principal executive office of the Combined Company will be located at Westgold's current principal executive office, being Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000.

For more information regarding the businesses, operations and mineral properties of the Combined Company following the completion of the Arrangement, see Appendix M of this Circular.

PART 25. SPINCO OMNIBUS SHARE INCENTIVE PLAN RESOLUTION

Under the Arrangement, SpinCo will become a stand-alone corporation that indirectly owns certain of Karora's existing assets. In order to attract and incentivize members of the board of directors and senior management of SpinCo, and in order to align the economic interests of the SpinCo directors and senior management with those of the SpinCo shareholders following the completion of the Arrangement, SpinCo is proposing to implement the SpinCo Omnibus Share Incentive Plan. Since, upon completion of the Arrangement, the Karora Shareholders will collectively hold 100% of the issued and outstanding SpinCo Shares, Karora Shareholders will also be asked at the Meeting to approve the SpinCo Omnibus Share Incentive Plan Resolution. The full text of the SpinCo Omnibus Share Incentive Plan Resolution is set out in Appendix C to this Circular, while a summary of the SpinCo Omnibus Share Incentive Plan is set out under the heading "Approval of the Omnibus Share Incentive Plan" in Appendix N to this Circular and a copy of the SpinCo Omnibus Share Incentive Plan is attached as Appendix O to this Circular.

In order for the SpinCo Omnibus Share Incentive Plan to become effective, the SpinCo Omnibus Share Incentive Plan Resolution must be approved by the affirmative vote of at least a majority (50% + 1) of votes cast by the Karora Shareholders at the Meeting or by proxy. If the requisite shareholder approval is obtained, and provided the Arrangement is completed, the SpinCo Omnibus Share Incentive Plan will become effective on the Effective Date at the time specified in the Plan of Arrangement.

Completion of the Arrangement is not conditional upon the approval of the SpinCo Omnibus Share Incentive Plan Resolution.

The Karora Board has unanimously determined to recommend to Karora Shareholders that they vote FOR the SpinCo Omnibus Share Incentive Plan Resolution.

PART 26. LEGAL MATTERS

Certain Canadian legal matters in connection with the Arrangement as they pertain to Karora will be passed upon by Bennett Jones LLP.

PART 27. INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Certain of the Corporation's current directors and officers will serve as directors and/or officers of SpinCo after the completion of the Arrangement. Information concerning such directors and officers is provided under the heading "*Directors and Officers*" in Appendix N of this Circular. Other than as set forth in "*Part 7 – The Arrangement – Interests of Certain Persons in the Arrangement*", management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting.

PART 28. KARORA SHAREHOLDER COMMUNICATION WITH THE KARORA BOARD

Karora Shareholders who are interested in communicating directly with members of the Karora Board, or the Karora Board as a group, may do so by writing directly to the individual Karora Board member or to the Karora Board generally c/o Bennett Jones LLP, Corporate Secretary, Karora Resources Inc., Suite 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1A4. The Corporation's Corporate Secretary will forward communications directly to the appropriate Karora Board member. If the correspondence is not addressed to a particular Karora Board member, the communication will be forwarded to a Karora Board member to bring to the attention of the Karora Board. The Corporation's Corporate Secretary will review all communications before forwarding them to the appropriate Karora Board member. The Karora Board has requested that items unrelated to the duties and responsibilities of the Karora Board, such as junk mail and mass mailings, business solicitations, advertisements and other commercial communications, surveys and questionnaires, and resumes or other job inquiries, not be forwarded.

PART 29. ADDITIONAL INFORMATION

Karora files an annual information form, management information circular and financial statements with Canadian securities regulators, which are filed by Karora under its issuer profile on SEDAR+ at www.sedarplus.ca. Additional information may be obtained about Karora through the website maintained by Karora at www.karoraresources.com, and about Westgold on the ASX website at www.asx.com.au/markets/company/WGX and through the website maintained by Westgold at <https://www.westgold.com.au/>. The information contained in Karora's website and Westgold's website is not incorporated by reference into this Circular.

The Canadian Securities Administrators allow certain information filed with the Canadian Securities Administrators to be incorporated by reference into this Circular, which means that important information can be disclosed to you by referring you to other documents filed separately with Canadian Securities Administrators. You should read the information incorporated by reference because it is an important part of this Circular.

PART 30. OTHER MATTERS

In addition to the Arrangement Resolution and the SpinCo Omnibus Share Incentive Plan Resolution being put to Karora Shareholders for approval at the Meeting, Karora Shareholders are being asked to consider and approve the Annual Resolutions. The Annual Resolutions are described in Appendix R – *Annual Matters of this Circular*.

Management of Karora is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting.

PART 31. APPROVAL

The contents of this Circular and the sending thereof to the Karora Shareholders have been approved by the Karora Board.

DATED as of the 17th day of June, 2024.

BY ORDER OF THE KARORA BOARD

(signed) "Paul Huet"

Paul Huet
Chairman and Chief Executive Officer
Karora Resources Inc.

For personal use only

PART 32. CONSENT OF DESJARDINS SECURITIES INC.

To: The Board of Directors of Karora Resources Inc.

We refer to the full text of the written fairness opinion dated April 7, 2024 (the "**Fairness Opinion**") which we prepared solely for the benefit and use of the special committee of the board of directors of Karora Resources Inc. ("**Karora**") in connection with the plan of arrangement involving, among others, Karora, its securityholders and Westgold Resources Limited (as described in Karora's management information circular dated June 17, 2024 (the "**Circular**")).

We hereby consent to the inclusion of the full text of the Fairness Opinion as "*Appendix G – Desjardins Fairness Opinion*" attached to the Circular, and to the references to our firm name and the Fairness Opinion in the Circular.

Our Fairness Opinion was given as of April 7, 2024 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, Desjardins Securities Inc. does not intend that any person other than the special committee of the board of directors of Karora shall be entitled to, may or will rely on the Fairness Opinion.

(signed) "Desjardins Securities Inc."

For personal use only

PART 33. CONSENT OF HAYWOOD SECURITIES INC.

To the Board of Directors (the "**Board**") of Karora Resources Inc. ("**Karora**):

We refer to the full text of the written fairness opinion dated as of April 7, 2024 (the "**Haywood Fairness Opinion**"), which we prepared solely for the benefit and use of the Board in connection with the arrangement involving Karora and Westgold Resources Limited, as described in the management information circular of Karora dated June 17, 2024 (the "**Circular**").

We consent to the inclusion of the Haywood Fairness Opinion as "Appendix H" to the Circular and references to our firm name and the Haywood Fairness Opinion in the Circular. In providing such consent, we do not intend that any person other than the Board shall rely upon the Haywood Fairness Opinion.

The Haywood Fairness Opinion was given as at April 7, 2024, and remains subject to the assumptions, limitations and qualifications contained therein.

(signed) "*Haywood Securities Inc.*"

Haywood Securities Inc.
Vancouver, British Columbia
June 17, 2024

For personal use only

PART 34. CONSENT OF CORMARK SECURITIES INC.

To: The Board of Directors of Karora Resources Inc.

We hereby consent to the references within the management information circular of Karora Resources Inc. ("**Karora**") dated June 17, 2024 (the "**Circular**") to our firm name and to the fairness opinion of our firm dated April 7, 2024 (the "**Cormark Fairness Opinion**"), which we prepared for the board of directors of Karora (the "**Board**") in connection with the arrangement agreement dated April 8, 2024 entered into between Karora, Westgold Resources Limited, 1474429 B.C. Ltd. and 1000853883 Ontario Inc., and to the inclusion of the full text of the Cormark Fairness Opinion as Appendix I to the Circular. The Cormark Fairness Opinion was given as at April 7, 2024 and remains subject to the assumptions, limitations and qualifications set out therein. In providing this consent, we do not intend that any persons other than the Board rely upon such fairness opinion.

June 17, 2024
Toronto, Ontario

"Cormark Securities Inc."

For personal use only

APPENDIX A

GLOSSARY OF TERMS

In this Circular, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

"**AcquireCo**" means 1474429 B.C. Ltd., a company existing under the Laws of British Columbia and a direct wholly owned subsidiary of Westgold.

"**AcquireCo Common Shares**" means the common shares in the capital of AcquireCo.

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only a Party and/or one or more of its wholly-owned subsidiaries, any offer, proposal or inquiry from any person or group of persons acting jointly or in concert, whether or not in writing and whether or not delivered to the shareholders of a Party, after the date of the Arrangement Agreement relating to: (a) any acquisition or purchase, direct or indirect, of: (i) the assets of that Party and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of that Party and its subsidiaries, taken as a whole, or which contribute 20% or more of the consolidated revenue of a Party and its subsidiaries, taken as a whole (or any lease, long-term supply or off-take agreement, hedging arrangement or other transaction having the same economic effect as a sale of such assets) (in each case, determined based upon the most recently publicly available consolidated financial statements of that Party), or (ii) 20% or more of the issued and outstanding voting or equity securities of that Party or any one or more of its subsidiaries that, individually or in the aggregate, contribute 20% or more of the consolidated revenues or constitute 20% or more of the consolidated assets of that Party and its subsidiaries, taken as a whole (in each case, determined based upon the most recently publicly available consolidated financial statements of that Party); (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such person or group of persons beneficially owning 20% or more of the issued and outstanding voting or equity securities of any class of voting or equity securities of that Party; (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving that Party or any of its subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or revenues, as applicable, of that Party and its subsidiaries, taken as a whole (in each case, determined based upon the most recently publicly available consolidated financial statements of that Party); or (d) any other similar transaction or series of transactions involving the Party or any of its subsidiaries, and, in all cases, whether in a single transaction or in a series of related transactions.

"**affiliate**" has the meaning given to it in the Securities Act.

"**AASB**" means Australian Accounting Standards Board.

"**allowable capital loss**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**Alternative Transaction**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Other Covenants – Alternative Transaction*" of this Circular.

"**Alternative Transaction Conditions**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Other Covenants – Alternative Transaction*" of this Circular.

"**Annual Resolutions**" means any resolutions of Karora Shareholders to (a) receive Karora's audited consolidated financial statements for the year ended December 31, 2023 and the independent auditor's report thereon, (b) vote to elect the directors of Karora for the ensuing year, and (c) vote to appoint PricewaterhouseCoopers LLP as Karora's independent auditors until the close of the next annual meeting of Karora Shareholders and to authorize the directors to fix their remuneration.

For personal use only

"Anti-Corruption Laws" means the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *U.S. Foreign Corrupt Practices Act* of 1977, the *Criminal Code* (Canada), the *Commonwealth Criminal Code Act 1995* (Cth) (Australia), *Corporations Act* and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (Australia) and any other anti-bribery or anticorruption laws and similar legislation in other jurisdictions that may be applicable to the relevant Party and its subsidiaries or its businesses.

"April 7, 2024 Meeting" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"Arrangement" means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of Karora and Westgold, each acting reasonably.

"Arrangement Agreement" means the arrangement agreement dated April 8, 2024 among Westgold, Karora, AcquireCo and SpinCo, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Arrangement Resolution" means the special resolution of the Karora Shareholders approving the Arrangement to be considered at the Meeting, in the form and content of Appendix B to this Circular.

"Articles of Arrangement" means the articles of arrangement of Karora in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to Karora and Westgold, each acting reasonably.

"ASIC" means the Australian Securities & Investments Commission.

"associate" has the same meaning as ascribed to the term "associated entity" in MI 61-101.

"ASX" means the Australian Securities Exchange.

"ASX Listing Rules" means the official listing rules of the ASX as varied, waived or modified from time to time.

"Australian Tax Act" means the *Income Tax Assessment Act 1936* (Cth) and *Income Tax Assessment Act 1997* (Cth) and the regulations thereunder, as amended from time to time.

"Awards" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"Bid" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"Board Charter" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"Books and Records" means the books and records of a Party and its subsidiaries including, to the extent existing, financial, corporate, operations and sales books, records, books of account, sales, purchase and billing records, lists of suppliers and customers, business reports, reports of customer contacts, employee documents and files, human resources materials and all other documents, files, records, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media, and all Tax records and Tax Returns.

"Broadridge" has the meaning ascribed thereto in "*Part 5 – General Proxy Information*" of this Circular.

"Budget 2024 Tax Proposals" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**Business Day**" means a day, other than a Saturday or a Sunday, on which the principal commercial banks located in Toronto, Ontario and Perth, Western Australia are open for the conduct of business.

"**Canada-US Tax Treaty**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**Canadian Securities Administrators**" means the voluntary umbrella organization of Canada's provincial and territorial securities regulators.

"**Cash Consideration**" means the cash amount to be paid to the Karora Shareholders pursuant to the Plan of Arrangement, being \$0.608 for each Karora Share outstanding immediately prior to the Effective Time.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CDS**" has the meaning ascribed thereto in "*Part 5 – General Proxy Information – Advice to Non-Registered Karora Shareholders*" of this Circular.

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement.

"**CGN Committee**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Change in Recommendation**" has the meaning ascribed thereto in the Arrangement Agreement.

"**CIBC**" means CIBC World Markets Inc.

"**CIBC Engagement Letter**" means the engagement letter between Karora and CIBC dated April 7, 2024.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Circular**" means this management information circular of Karora, including all appendices to this Circular, sent to Karora Shareholders in connection with the Meeting, including any amendments or supplements thereto in accordance with the terms of the Arrangement Agreement.

"**Code**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations*" of this Circular.

"**Collective Agreement**" means any collective agreement, collective bargaining agreement or related bargaining agent document that is binding on a Party or its subsidiary, including any arbitration decision, letter or memorandum of understanding or agreement with bargaining agents, letter of intent with bargaining agents or other written communication with bargaining agents, in each case, which covers or would pertain to the employment of any Employee of such Party or impose any obligations upon such Party in connection with the employment of any Employee.

"**Combined Company**" means Westgold and Karora collectively following the completion of the Arrangement.

"**Combined Company Shareholders**" means the holders of Westgold Shares following the completion of the Arrangement.

"**Compensation Consultant**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Competition Act**" means the *Competition Act* (Canada) and the regulations enacted thereunder.

"**Consideration**" means the Cash Consideration and the Share Consideration.

"**Constituting Documents**" means notice of articles, articles of incorporation, amalgamation, arrangement or continuation, as applicable, articles, by-laws, certificates of incorporation, certificates of change of company name (as applicable), constitutions or other constituting documents and all amendments thereto.

"**Contract**" means any contract, agreement, license, lease, arrangement or other right or obligation to which Karora or Westgold or any of their respective subsidiaries is a party or by which Karora or Westgold or any of their respective subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"**Controlling Individual**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment – Prohibited Investment Rules*" of this Circular.

"**Cormark**" means Cormark Securities Inc.

"**Cormark Engagement Letter**" means, collectively, the engagement letter between Karora and Cormark dated April 7, 2024 and the fairness opinion letter between Karora and Cormark dated April 7, 2024.

"**Cormark Fairness Opinion**" means the opinion of Cormark to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by the Karora Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Karora Shareholders. A copy of the Cormark Fairness Opinion is attached as Appendix I to this Circular.

"**Corporate Objectives**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

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

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations*" of this Circular.

"**CT Order**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**Depository**" means Computershare Investor Services Inc. in its role as depository for the purpose of, among other things, exchanging certificates representing Karora Shares for certificates representing the Fractional SpinCo Shares and Westgold Shares and for the Cash Consideration pursuant to the Arrangement.

"**Desjardins**" means Desjardins Securities Inc.

"**Desjardins Engagement Letter**" means the engagement letter between Karora and Desjardins dated April 7, 2024.

"**Desjardins Fairness Opinion**" means the opinion of Desjardins to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Karora Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to the Karora Shareholders. A copy of the Desjardins Fairness Opinion is attached as Appendix G to this Circular.

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA.

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

"**Dissenting Non-Resident Holder**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*" of this Circular.

"**Dissenting Resident Holder**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**Dissenting Shareholder**" means a Registered Karora Shareholder that has duly and validly exercised their Dissent Rights and that has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and that is ultimately determined to be entitled to be paid the fair value of its Karora Shares.

"**Dissenting U.S. Holder**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences for Dissenting U.S. Holders*" of this Circular.

"**DPSP**" means a deferred profit sharing plan.

"**DRS Advice**" means a Direct Registration System Advice evidencing the securities held by a securityholder in book-based form in lieu of a physical share certificate.

"**Dumont Payment Right**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date.

"**Employees**" means all employees of a Party or its subsidiary, as the case may be, including part-time and full-time employees, in each case, whether active or inactive, unionized or non-unionized.

"**Environmental Laws**" means all Laws and Contracts with Governmental Entities relating to reclamation or restoration of properties; abatement of pollution; protection of the environment; public health, protection of wildlife, including endangered species; processing, distribution, use, handling, transport, management, treatment, storage, disposal or control of, or exposure to, Hazardous Substances; Releases or threatened Releases of Hazardous Substances and all Permits issued pursuant to such Laws.

"**Exchange**" means with respect to Karora, the TSX, and with respect to Westgold, the ASX.

"**Expense Fee**" means \$2,000,000.

"**Fairness Opinions**" means, collectively, the Desjardins Fairness Opinion, the Haywood Fairness Opinion and the Cormark Fairness Opinion, and "**Fairness Opinion**" means any one of them.

"**FATA**" means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

"**February 28 Exclusivity Agreement**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**FHSA**" means a first home savings account.

"**Final Order**" means the final order of the Court, after being informed of the intention to rely upon the exemption from the registration requirements under section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Share Consideration, approving the Arrangement, in form and substance acceptable to both Karora and Westgold, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Karora and Westgold, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to both Karora and Westgold, each acting reasonably).

"**FIRB**" means the Foreign Investment Review Board of Australia.

"**FIRB Approval**" means the Treasurer (or his delegate): (i) provides written notice that there are no objections under FATA to (or issues an exemption certificate under the FATA which is applicable to) the acquisition of the Karora

Shares by Westgold under the Arrangement Agreement or the Arrangement, and if any conditions are imposed by the Treasurer (or his delegate) to such non-objection or exemption certificate, they are: (A) tax-related conditions which are in the form, or substantially in the form of those set out under the heading 'Standard tax conditions' in Section D of FIRB's Guidance Note 12 on 'Tax Conditions' (in the form last updated on 10 August 2023); or (B) such other conditions as are acceptable to Westgold acting reasonably; or (ii) provides written confirmation that the acquisition of the Karora Shares by Westgold under the Arrangement Agreement or the Arrangement does not require notification under the FATA, is not subject to the FATA or can proceed without the issuance of a no objection notice under the FATA; or (iii) (following notice of the acquisition of the Karora Shares by Westgold under the Arrangement Agreement or the Arrangement having been given under the FATA) becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition of the Karora Shares by Westgold under the Arrangement Agreement or the Arrangement, whichever first occurs.

"**First Proposal**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**Form 51-102F6**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Former Karora Shareholders**" means the holders of Karora Shares (other than Westgold and its affiliates) immediately prior to the Effective Time.

"**forward-looking information**" and "**forward looking statements**" have the meanings ascribed thereto in "*Part 3 – Cautionary Statement Regarding Forward-Looking Information*" of this Circular.

"**Fractional SpinCo Share**" means that portion of a SpinCo Distribution Share equal to 0.3 of a SpinCo Share to be distributed to each Karora Shareholder for each Karora Share outstanding immediately prior to the Effective Time pursuant to the Plan of Arrangement in partial consideration for the exchange of each Karora Share.

"**Governmental Entity**" means: (a) any multinational, federal, provincial, state, territorial, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, bureau, board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including the Exchanges.

"**Haywood**" means Haywood Securities Inc.

"**Haywood Engagement Letter**" means, collectively, the engagement letter between Karora and Haywood dated April 7, 2024, the engagement letter between Karora and Haywood dated January 24, 2022, and the fairness opinion letter dated April 7, 2024 between Karora and Haywood.

"**Haywood Fairness Opinion**" means the opinion of Haywood to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained therein, the Consideration to be received by Karora Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to Karora Shareholders. A copy of the Haywood Fairness Opinion is attached as Appendix H to this Circular.

"**Hazardous Substance**" means any substance that is prohibited, regulated, designated or classified as dangerous, hazardous, radioactive, explosive, toxic, a waste, or a contaminant pursuant to any applicable Environmental Laws, including petroleum products or by-products, asbestos and asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive materials, radon, and perfluoroalkyl.

"**Holder**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations*" of this Circular.

"**Human Resource and Compensation Committee**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

For personal use only

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board, at the relevant time, prepared on a consistent basis.

"Incentive Compensation" has the meaning ascribed thereto in "Appendix R – Annual Matters" to the Circular.

"Independent Contractor", of an entity, means a contractor engaged to perform a budgeted position that would otherwise be filled by an Employee of that entity.

"Initial SpinCo Share" means the initial common share issued to Karora on incorporation of SpinCo.

"Intellectual Property" means all intellectual property, in any jurisdiction throughout the world, whether or not registrable, including all: (a) patents, applications for patents and reissues, divisionals, continuations, renewals, re-examinations, extensions and continuations-in-part of patents or patent applications; (b) proprietary confidential information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, models, formulas, algorithms, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (c) copyrights, copyright registrations and applications for copyright registration; (d) integrated circuit, topographies, integrated circuit topography registrations and applications, mask works, mask work registrations and applications; (e) designs, design registrations, design registration applications, industrial designs, industrial design registrations and industrial design applications; (f) trade names, business names, corporate names, domain names, social media accounts and user names, social media identifiers and identities, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (g) all intellectual property rights in and to software and technology, including rights and data in databases; and (h) any other intellectual property and industrial property rights throughout the world, however denominated.

"Interim Order" means the interim order of the Court, after being informed of the intention to rely upon the exemption from the registration requirements under section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Share Consideration, to be issued following the application therefor contemplated by the Arrangement Agreement, providing for, among other things, the calling and holding of the Meeting, as the same may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both Karora and Westgold, each acting reasonably.

"Investment Canada Act" means the *Investment Canada Act*, as amended from time to time.

"IRS" means the U.S. Internal Revenue Service.

"Kali" means Kali Metals Limited, a company registered in Western Australia.

"Kali Equity Interest" has the meaning ascribed thereto in "Appendix N – Information Concerning SpinCo" to the Circular.

"Kali Mineral Rights Agreements" means, collectively: the Mineral Rights Agreement dated November 1, 2023 between Avoca Mining Pty Ltd (now named Karora (Higginsville) Pty Ltd) and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); the Mineral Rights Agreement dated November 1, 2023 between Avoca Resources Pty Ltd and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); the Mineral Rights Agreement dated November 1, 2023 between Corona Minerals Pty Ltd and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); and the Mineral Rights Agreement dated November 1, 2023 between Polar Metals Pty Ltd and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd).

"Kali Royalty" has the meaning ascribed thereto in "Appendix N – Information Concerning SpinCo" to the Circular.

"Karora" or the "Corporation" means Karora Resources Inc., a corporation existing under the federal Laws of Canada.

"Karora Benefit Plans" means all health, welfare, dental, vision, sickness, death, life, cafeteria, flexible spending, supplemental unemployment benefit, bonus, change of control, loan, allowance, spending account, profit sharing, insurance, incentive, incentive compensation, or deferred compensation plans, share purchase, share options, share compensation, or other equity-based compensation plans, disability, pension or retirement income or savings plans, vacation or other paid time off, parental leave and any other arrangements or benefit plans, trust, funds, policies, programs, arrangements, or practices which are (a) sponsored, maintained, contributed to or required to be contributed to by Karora or its subsidiaries, or (b) for which Karora or its subsidiaries has any actual or contingent liability or obligation with respect to any current or former employee, officer, director or Independent Contractor of Karora or any of its subsidiaries, excluding Statutory Plans, but including the Karora Plan.

"Karora Board" means the board of directors of Karora as the same is constituted from time to time.

"Karora Board Recommendation" has the meaning ascribed thereto in the Arrangement Agreement.

"Karora Budget" means Karora's budget for 2024, including capital expenditures, in the form appended to the Karora Disclosure Letter.

"Karora Class A Shares" means the Class A common shares in the capital of Karora to be created in accordance with the Plan of Arrangement.

"Karora Code" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"Karora Data Room" means the material contained in the virtual data room established by Karora on firmex.com as of 12:00 p.m. (Toronto time) on the date which is two (2) Business Days prior to the date of the Arrangement Agreement.

"Karora Disclosure Letter" means the disclosure letter dated April 8, 2024 executed by Karora and delivered to Westgold.

"Karora DSUs" or **"DSUs"** means the outstanding deferred share units of Karora issued under the Karora Plan.

"Karora Financial Statements" means the audited consolidated financial statements of Karora for the fiscal years ended December 31, 2023 and 2022.

"Karora Locked-up Shareholders" means each of the senior officers and directors and certain Karora Shareholders.

"Karora Management" means the senior executive officers of Karora.

"Karora Options" means the outstanding options of Karora to purchase Karora Shares issued under the Karora Plan.

"Karora Plan" means Karora's share incentive plan dated June 14, 2010, as amended and restated on March 26, 2013 and further amended and restated on June 16, 2022, which was most recently approved by Karora Shareholders at the annual and special meeting on June 19, 2022.

"Karora PSUs" or **"PSUs"** means the outstanding performance share units of Karora issued under the Karora Plan.

"Karora RSUs" or **"RSUs"** means the outstanding restricted share units of Karora issued under the Karora Plan.

"Karora Securityholders" means Karora Shareholders, holders of Karora DSUs, holders of Karora PSUs, holders of Karora RSUs, and holders of Karora Options.

"Karora Senior Facility" means the amended and restated credit agreement made as of July 14, 2022 between Karora, as borrower, and Macquarie Bank Limited, as lender, as amended on October 14, 2022 and June 29, 2023.

"**Karora Shareholder Approval**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Approval of Arrangement Resolution*" of this Circular.

"**Karora Shareholders**" means the holders of Karora Shares.

"**Karora Shares**" means the common shares in the capital of Karora, as constituted on the date hereof.

"**Karora Voting and Lock-up Agreements**" means the voting agreements (including all amendments thereto) between Westgold and the Karora Locked-up Shareholders setting forth the terms and conditions upon which they agree to vote their Karora Shares in favour of the Arrangement Resolution.

"**Key Regulatory Approvals**" means those Regulatory Approvals required to proceed with the Arrangement, the failure of which to obtain would reasonably be expected to have a Material Adverse Effect on such Party, including those specified in the Karora Disclosure Letter or Westgold Disclosure Letter.

"**Key Third Party Consents**" means those consents and approvals specified in the Karora Disclosure Letter or Westgold Disclosure Letter.

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, Orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term "**applicable**" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal (printed on white paper) delivered by Karora to Registered Karora Shareholders together with this Circular, providing for the delivery of Karora Shares to the Depository.

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, royalties, encumbrances and adverse rights or claims, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

"**LTI**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Mark-to-Market Election**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**Material Adverse Effect**" means, in respect of a person, any fact, change, event, occurrence, effect, state of facts, liability and/or circumstance that, individually or in the aggregate with other such facts, changes, events, occurrences, effects, states of facts, liabilities or circumstances, is or could reasonably be expected to be material and adverse to the current and future business, operations, results of operations, assets, properties, condition (financial or otherwise), liabilities (contingent or otherwise) or capitalization of such person and its subsidiaries taken as a whole, other than any fact, change, event, occurrence, effect, state of facts, liability or circumstance resulting from or arising in connection with:

- (a) any fact, change, event, occurrence, effect, state of facts, liability or circumstance generally affecting the industries in which the Parties or their subsidiaries operate;
- (b) any fact, change, event or occurrence in global, national or regional economic, political, or financial conditions, including changes in (i) financial markets, credit markets or capital markets, (ii) interest rates and credit ratings, (iii) inflation and (iv) currency exchange rates;

For personal use only

- (c) any hurricane, flood, tornado, earthquake or other natural or man-made disaster or acts of God, epidemic, pandemic or disease outbreak or any material worsening of such conditions existing as of the date of the Arrangement Agreement;
- (d) any act of terrorism or any outbreak of hostilities or declared or undeclared war, cyberterrorism, civil unrest, civil disobedience, sabotage, cybercrime, national or international calamity, military action, declaration of a state of emergency or any other similar event (including the current conflict between the Russian Federation and Ukraine and the conflict in the Middle East), or any change, escalation or worsening thereof;
- (e) any change in Law, IFRS, the Australian Accounting Standards as issued by the AASB or changes in regulatory accounting or Tax requirements, or in the interpretation, application or non-application of the foregoing by any Governmental Entity, after the date of the Arrangement Agreement;
- (f) any change in the price of gold;
- (g) any specific action taken (or omitted to be taken) by a Party to the Arrangement Agreement that is expressly required to be taken (or, in the case of an omission, expressly prohibited to be taken) pursuant to the Arrangement Agreement or with the express prior written consent or at the written direction of the Parties hereto, provided that this clause (g) shall not apply to any representation or warranty (or any Party's obligation to consummate the Arrangement Agreement relating to such representation or warranty) to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of the Arrangement Agreement or the consummation of the Arrangement and the other transactions contemplated thereby;
- (h) any change in the market price or trading volume of a Party's securities (it being understood that the causes underlying such change in market price or trading volume may, to the extent not otherwise excluded from the definition of Material Adverse Effect, be taken into account in determining whether a Material Adverse Effect has occurred);
- (i) the failure in and of itself of a Party to meet any internal or published projections, forecasts or guidance or estimates of revenues, earnings, cash flows or other financial operating metrics of such Party or of any securities analysts before, on or after the date of the Arrangement Agreement (it being understood that the causes underlying such failure may, if not otherwise excluded from this definition of Material Adverse Effect, be deemed either alone or in combination to constitute, or be taken into account in determining whether a Material Adverse Effect has occurred); or
- (j) any fact, change, event, occurrence, effect, state of facts, liability and/or circumstance directly resulting from the announcement of the Arrangement Agreement or the Arrangement or the implementation of the Arrangement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Karora or Westgold with any of their customers, employees, shareholders, vendors, distributors, partners or suppliers arising as a direct consequence of same (it being understood that this clause (j) shall not apply with respect to any representation or warranty the purpose of which is to address the effect of the announcement, execution, delivery and performance of the Arrangement Agreement or the transactions contemplated thereby, including the Arrangement, or the performance of any obligations hereunder),

but, in the case of clauses (a) through to and including (f) above, only to the extent that any such fact, change, event, occurrence, effect, state of facts, liability or circumstances does not have a disproportionate effect on Karora or Westgold, as applicable, taken as a whole, relative to comparable entities operating in the industry in which they operate, and references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a Material Adverse Effect has occurred.

"**material change**" has the meaning ascribed to such term in the Securities Act.

"Material Contract" means, in respect of any Party, any Contract:

- (a) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Party;
- (b) under which such Party or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party in excess of A\$3,000,000 in the aggregate;
- (c) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of A\$3,000,000;
- (d) restricting the incurrence of indebtedness by such Party or any of its subsidiaries (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets of such Party or any of its subsidiaries, or restricting the payment of dividends by such Party;
- (e) under which the Party or any of its subsidiaries is obligated to make or expects to receive payments in excess of A\$3,000,000 over the remaining term;
- (f) providing for the establishment, organization or formation of any joint venture, limited liability company, partnership, royalty or stream interest;
- (g) relating to any future offering or issuance of securities of such Party;
- (h) that creates an exclusive dealing arrangement or right of first offer or refusal;
- (i) that is a Collective Agreement;
- (j) with a Governmental Entity;
- (k) providing for employment severance or change in control payments;
- (l) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds A\$3,000,000;
- (m) that limits or restricts (A) the ability of such Party or any of its subsidiaries to engage in any line of business or carry on business in any geographic area, or (B) the scope of persons to whom such Party or any of its subsidiaries may sell products or deliver services;
- (n) such Party has filed with the Securities Authorities as a material contract in accordance with applicable Securities Laws;
- (o) that is made out of the ordinary course of business; or
- (p) that is otherwise material to such Party and its subsidiaries, considered as a whole.

"Material Subsidiaries" means:

- (a) with respect to Karora collectively, SpinCo, Karora (Beta Hunt) Pty Ltd. (formerly Salt Lake Mining Pty Ltd.), Karora Australia Pty Ltd., Karora (Higginsville) Pty Ltd., Karora (Lakewood) Pty Ltd. and Corona Minerals Pty Ltd.; and
- (b) with respect to Westgold collectively, AcquireCo, Big Bell Gold Operations Pty Ltd, Aragon Resources Pty Ltd and Westgold Mining Services Pty Ltd,

and each is a "Material Subsidiary".

"**MD&A**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Meeting**" means the annual general and special meeting of the Karora Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and the other matters set out in this Circular.

"**MI 61-101**" means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

"**MLI**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Exchange of Karora Shares for Karora Class A Shares and SpinCo Shares*" of this Circular.

"**Named Executive Officers**" or "**NEOs**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, together with the Companion Policy thereto, as issued by the Canadian Securities Administrators, as amended from time to time.

"**NI 45-102**" mean National Instrument 45-102 – *Resale of Securities*, together with the Companion Policy thereto, as issued by the Canadian Securities Administrators, as amended from time to time.

"**NI 51-102**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**NI 52-110**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**NI 58-101**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**NOBO**" means a non-objective beneficial owner of Karora Shares.

"**Non-Electing Shareholder**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**Non-Registered Karora Shareholder**" has the meaning ascribed thereto in "*Part 5 – General Proxy Information – Non-Registered Karora Shareholders*" of this Circular.

"**Non-Resident Holder**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*" of this Circular.

"**non-U.S. Holder**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations*" of this Circular.

"**Notice of Meeting**" means the notice of annual general and special meeting to the Karora Shareholders which accompanies this Circular.

"**NWMM**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"Order" means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards, decrees, stipulations or similar actions taken or entered by or with, or applied by, any Governmental Entity (in each case, whether temporary, preliminary or permanent).

"ordinary course of business", "ordinary course of business consistent with past practice", or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person.

"Outside Date" means September 30, 2024, or such later date as may be agreed to in writing by the Parties, provided that if the Effective Date has not occurred by September 30, 2024 as a result of the failure to obtain the FIRB Approval, then either Westgold or Karora may elect by notice in writing delivered prior to September 30, 2024, to extend such date from time to time by a specified period of not less than 15 days if the Party so extending the Outside Date reasonably believes that FIRB Approval is capable of being obtained prior to the Outside Date, as it may be so extended, and provided that in aggregate such extensions shall not exceed 60 days from September 30, 2024.

"Panel" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"Participants" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"Participating Former Karora Shareholders" means Former Karora Shareholders, other than Dissenting Shareholders.

"Party" means either Karora, Westgold, AcquireCo or SpinCo as the case may be, and "Parties" means all of them, collectively.

"Permit" means with respect to any person, any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity that is binding upon or applicable to such person.

"Permitted Liens" means, any one or more of the following:

- (a) Liens for Taxes which are not delinquent or that are being contested in good faith and that have been adequately reserved on the Party's financial statements;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the assets, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of a Party or any of its subsidiaries, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;
- (d) easements, rights of way, zoning ordinances, and other similar land use and environmental regulations which are not, individually or in the aggregate, material in amount or effect the business of Karora or Westgold, as applicable;
- (e) royalty agreements in respect of mineral properties as made available in the Karora Data Room or Westgold Data Room;
- (f) Liens granted under, pursuant to, or arising out of or in connection with, the Karora Senior Facility; and

(g) Liens listed and described in the Karora Disclosure Letter or Westgold Disclosure Letter.

"**person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

"**PFIC**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**PFIC-for-PFIC Exception**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Appendix D to this Circular, and any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or at the direction of the Court and agreed to in writing by both Karora and Westgold, each acting reasonably.

"**Pre-Closing Reorganization**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Other Covenants – Pre-Closing Reorganization*" of this Circular.

"**Proceeding**" means any suit, claim, action, charge, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit, examination, enquiry, investigation or other proceeding commenced, brought, conducted or heard by or before, any Governmental Entity.

"**Proposed Amendments**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations*" of this Circular.

"**Proxy Solicitation Agent**" means Morrow Sodali, the proxy solicitation agent retained by Karora.

"**QEF**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**QEF Election**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Tax Consequences of the Spinout as a Reorganization if Karora is Classified as a PFIC*" of this Circular.

"**Ramelius**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**RDSP**" means a registered disability savings plan.

"**Recapitalization**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Recapitalization of Karora Shares*" of this Circular.

"**Record Date**" has the meaning ascribed thereto in "*Part 6 – Voting Securities and Principal Holders Thereof*" of this Circular.

"**Registered Karora Shareholder**" means a registered holder of Karora Shares.

"**Registered Plans**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment*" of this Circular.

For personal use only

"**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act.

"**Regulation S-K 1300**" has the meaning thereto in "*Part 2 – Notice to Securityholders in the United States*" of this Circular.

"**Regulatory Approval**" means any sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an order prohibiting closing being made) required from any Governmental Entity to proceed with the Arrangement and the transactions contemplated thereby, including the Key Regulatory Approvals.

"**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into or through the environment, or any other action, event, occurrence or circumstance that constitutes a "Release" pursuant to any applicable Environmental Law.

"**Reorganization**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – Recapitalization of Karora Shares*" of this Circular.

"**Representatives**" has the meaning ascribed to such term in the Arrangement Agreement.

"**Resident Holder**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**RESP**" means a registered education savings plan.

"**RRIF**" means a registered retirement income fund.

"**RRSP**" means a registered retirement savings plan.

"**Rule 144**" means Rule 144 under the U.S. Securities Act.

"**SARs**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"**Section 86 Exchange**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"**Securities Act**" means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Securities Authorities**" means in respect of Westgold, ASIC and, in respect of Karora, the applicable securities commissions and other securities regulatory authorities in each of the provinces of Canada in which Karora is a reporting issuer.

"**Securities Laws**" means the Securities Act, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time, including applicable securities laws in Australia and the respective regulations or rules made thereunder, together with all applicable published policy statements, orders, rulings, notices and interpretation notes of the ASIC.

"**SEDAR+**" means the System for Electronic Data Analysis and Retrieval + described in National Instrument 13-103 – *System for Electronic Data Analysis and Retrieval* and available for public view at www.sedarplus.ca.

"**Senior Employees**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Share Consideration**" means the Karora Class A Shares, Fractional SpinCo Shares and Westgold Shares to be issued to the Karora Shareholders pursuant to the Plan of Arrangement, being one Karora Class A Share and 0.3 of a SpinCo Share for each Karora Share outstanding immediately prior to the Effective Time, followed by 2.524 Westgold Shares for each Karora Class A Share.

"**Solicited Party**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Non-Solicitation Covenant*" of this Circular.

"**Special Committee**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**SpinCo**" means Culico Metals Inc. (formerly 1000853883 Ontario Inc.), a corporation existing under the Laws of Ontario and, immediately prior to the Effective time, a direct wholly owned subsidiary of Karora.

"**SpinCo Awards**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**SpinCo Board**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**SpinCo Code**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**SpinCo Compensation Committee**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**SpinCo Contribution Agreement**" has the meaning ascribed to such term in the Arrangement Agreement.

"**SpinCo Distribution Shares**" means the SpinCo Shares issued to Karora by SpinCo as consideration for the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) from Karora to SpinCo as contemplated by the SpinCo Contribution Agreement.

"**SpinCo Omnibus Share Incentive Plan**" means the omnibus share incentive plan of SpinCo, in substantially the form and content attached as Appendix O to this Circular.

"**SpinCo Omnibus Share Incentive Plan Resolution**" means the ordinary resolution approving the SpinCo Omnibus Share Incentive Plan to be considered and, if thought fit, approved by the Karora Shareholders at the Meeting, in the form and content of Appendix C to this Circular.

"**SpinCo Options**" has the meaning ascribed thereto in "*Appendix N – Information Concerning SpinCo*" to the Circular.

"**SpinCo Reorganization**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Other Covenants – Organization of SpinCo*" of this Circular.

"**SpinCo Shares**" means the common shares in the capital of SpinCo, as constituted on the date hereof.

"**Spinout**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Recapitalization and Spinout – The Spinout of Spinout Shares*" of this Circular.

"**Spinout Investment Business**" means the Transferred Assets.

"**Statutory Plans**" means statutory benefit plans which Karora and any of its subsidiaries are required to participate in or comply with, including the Canada Pension Plan, Quebec Pension Plan and any other benefit plan administered by any federal or provincial Governmental Entity and any benefit plans administered pursuant to applicable health, Tax, workers' compensation or workplace safety and insurance, and employment insurance Laws.

"**STI**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**Subsequent Proposals**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary.

"**Subsidiary PFIC**" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules*" of this Circular.

"**Superior Proposal**" means any unsolicited bona fide Acquisition Proposal made in writing by a third party or third parties acting jointly or in concert with one another, who deal at arm's length to Westgold or Karora, as the case may be, after the date of the Arrangement Agreement, to acquire not less than all of the outstanding voting or equity securities of Westgold or Karora not already owned by such person or group of persons or all or substantially all of the assets of Westgold or Karora, as the case may be, on a consolidated basis, that in the good faith determination of the Westgold Board or the Karora Board, as applicable, after receipt of advice from its outside financial advisor and legal counsel:

- (a) complies with all applicable Laws and did not result from a breach of Section 7.2 of the Arrangement Agreement, by the receiving Party or its Representatives;
- (b) is reasonably capable of being completed in accordance with its terms without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the person making such proposal;
- (c) is made by a person or group of persons who has demonstrated to the satisfaction of the Westgold Board or Karora Board, as the case may be, acting in good faith (after receipt of advice from its financial advisers and its outside legal counsel), that it has (i) adequate cash on hand and/or (ii) fully committed financing from a bank or other recognized and reputable financial institution, fund or organization that makes debt or equity investments or financing as part of its usual activities, and that is not subject to any condition or contingency other than closing conditions substantially similar to those contained in Article 6 of the Arrangement Agreement, required to complete such Acquisition Proposal at the time and on the basis set out therein;
- (d) is not subject to a due diligence or access condition;
- (e) in the case of a transaction that involves the acquisition of common shares of a Party, is made available to all Westgold Shareholders or Karora Shareholders, as the case may be, on the same terms and conditions;
- (f) failure to recommend such Acquisition Proposal to the Westgold Shareholders or Karora Shareholders, as the case may be, would be inconsistent with the Westgold Board's fiduciary duties or the Karora Board's fiduciary duties, respectively; and

- (g) taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to its shareholders, taken as a whole, from a financial point of view, than the Arrangement (after taking into account any adjustment to the terms and conditions of the Arrangement proposed by the other Parties pursuant to Section 7.3(b) of the Arrangement Agreement).

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

"**Tax Returns**" means returns, reports, declarations, elections, designations, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required by a Governmental Entity to be made, prepared or filed by Law in respect of Taxes.

"**taxable capital gain**" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations– Holders Resident in Canada*" of this Circular.

"**Taxes**" mean any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not.

"**Terminating Party**" has the meaning ascribed thereto in "*Part 8 – The Arrangement Agreement – Right to Accept Superior Proposal and Right to Match*" of this Circular.

"**Termination Fee**" means C\$40,000,000.

"**TFSA**" means a tax-free savings account.

"**Transfer Agent**" means Computershare Investor Services Inc. as registrar and transfer agent of the Karora Shares.

"**Transferee Liabilities**" shall have the meaning ascribed to such term in the SpinCo Contribution Agreement.

"**Transferred Assets**" shall have the meaning ascribed to such term in the SpinCo Contribution Agreement.

"**Transmittal Documents**" has the meaning ascribed thereto in "*Part 17 – Procedure for Receipt of Consideration – Deposit of Transmittal Documents with Depositary*" of this Circular.

"**Treasurer**" means the Treasurer of the Commonwealth of Australia.

"**Treasury Regulations**" means the U.S. Department of Treasury Regulations promulgated under the Code.

"**TSR**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"**TSS Committee**" has the meaning ascribed thereto in "*Appendix R – Annual Matters*" to the Circular.

"TSX" means the Toronto Stock Exchange.

"TSXV" means the TSX Venture Exchange.

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"U.S. Exchange Act" means the United States *Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder.

"U.S. Holder" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations*" of this Circular.

"U.S. Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated hereunder.

"U.S. Tax Code" means the United States Internal Revenue Code of 1986, as amended.

"U.S. Treaty Holder" has the meaning ascribed thereto in "*Part 18 – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*" of this Circular.

"Westgold" means Westgold Resources Limited, a company existing under the laws of Australia with ACN 009 260 306.

"Westgold Benefit Plans" means all health, welfare, dental, vision, sickness, death, life, cafeteria, flexible spending, supplemental unemployment benefit, bonus, change of control, loan, allowance, spending account, profit sharing, insurance, incentive, incentive compensation, or deferred compensation plans, share purchase, share options, share compensation, or other equity-based compensation plans, disability, pension or retirement income or savings plans, vacation or other paid time off, parental leave and any other arrangements or benefit plans, trust, funds, policies, programs, arrangements, or practices which are (a) sponsored, maintained, contributed to or required to be contributed to by Westgold or its subsidiaries, or (b) for which Westgold or its subsidiaries has any actual or contingent liability or obligation with respect to any current or former employee, officer, director or Independent Contractor of Westgold or any of its subsidiaries.

"Westgold Board" means the board of directors of Westgold as the same is constituted from time to time.

"Westgold Budget" means Westgold's budget for 2024, including capital expenditures, in the form appended to the Westgold Disclosure Letter.

"Westgold Consideration" has the meaning ascribed thereto in "*Part 19 – Certain United States Federal Income Tax Considerations – U.S. Federal Income Tax Consequences of the Arrangement – Exchange of Karora Class A Shares for Westgold Shares and Cash Consideration*" of this Circular.

"Westgold Constitution" means the constitution of Westgold as approved by Westgold Shareholders on November 26, 2021.

"Westgold Data Room" means the material contained in the virtual data room established by Westgold on firmex.com as of 12:00 p.m. (Toronto time) on the date which is two (2) Business Days prior to the date of the Arrangement Agreement.

"Westgold Director" means, prior to the Effective Time, a director of Westgold and, following the Effective Time, a director of the Combined Company.

"Westgold Disclosure Letter" means the disclosure letter dated April 8, 2024 delivered by Westgold to Karora.

"**Westgold Financial Statements**" means the audited consolidated financial statements of Westgold for the periods ended June 30, 2023 and June 30, 2022.

"**Westgold Meeting**" has the meaning ascribed to such term in the Arrangement Agreement.

"**Westgold Proposal Letter**" has the meaning ascribed thereto in "*Part 7 – The Arrangement – Background to the Arrangement*" of this Circular.

"**Westgold Shareholder Approval**" means, if, and to the extent required by the ASX, the approval of the Westgold Shareholders of the Arrangement, the issue of Westgold Shares under the Arrangement, or any of the transactions contemplated by the Arrangement Agreement, under ASX Listing Rules.

"**Westgold Shareholders**" means the holders of outstanding Westgold Shares.

"**Westgold Shares**" means the ordinary shares in the capital of Westgold as constituted on the date hereof.

"**Willful Breach**" of any representation, warranty or covenant of a Party means that, as applicable, the breaching Party (a) had actual knowledge that a representation or warranty of the Party was materially false when made, or (b) as to a covenant in the Arrangement Agreement, directed or allowed the applicable Party to take an action, fail to take an action or permit an action to be taken or occur that the applicable Party knew at such time constituted a material breach of a covenant in the Arrangement Agreement (to the extent within the reasonable control of such Party) by such Party.

"**VIF**" has the meaning ascribed thereto in "*Part 5 – General Proxy Information*" of this Circular.

"**VWAP**" means volume weighted average price.

For personal use only

APPENDIX B

ARRANGEMENT RESOLUTION

**RESOLUTION OF THE SHAREHOLDERS
OF KARORA RESOURCES INC.**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (the "**Arrangement**") under Section 192 of the Canada Business Corporations Act (the "**CBCA**") involving Westgold Resources Limited ("**Westgold**") and Karora Resources Inc. ("**Karora**") and shareholders of Karora, all as more particularly described and set forth in the management information circular (the "**Circular**") of Karora accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted;
2. the arrangement agreement (the "**Arrangement Agreement**") between Westgold and Karora dated April 8, 2024 and all the transactions contemplated therein, the full text of which is attached as a schedule to the Circular, the actions of the directors of Karora in approving the Arrangement and the actions of the directors and officers of Karora in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved;
3. the plan of arrangement as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement (the "**Plan of Arrangement**") of Karora implementing the Arrangement, the full text of which is set out in Schedule "A" to the Arrangement Agreement, is hereby authorized, approved and adopted;
4. Karora be and is hereby authorized to apply for a final order from the Ontario Superior Court to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular);
5. notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Karora or that the Arrangement has been approved by the Ontario Superior Court, the directors of Karora are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Karora to:
 - (a) amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not proceed with the Arrangement;
6. any director or officer of Karora is hereby authorized and directed for and on behalf of Karora to execute, whether under corporate seal of Karora or otherwise, and to deliver such other documents as are necessary or desirable in accordance with the Arrangement Agreement for filing; and
7. any one or more directors or officers of Karora is hereby authorized, for and on behalf and in the name of Karora, to execute and deliver, whether under corporate seal of Karora or otherwise, all such agreements, forms, waivers, notices, certificate, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Karora, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

For personal use only

- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Karora; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

For personal use only

APPENDIX C

SPINCO OMNIBUS SHARE INCENTIVE PLAN RESOLUTION

RESOLUTION OF THE SHAREHOLDERS
OF KARORA RESOURCES INC.
(the "Corporation")

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Subject to regulatory approval and completion of the proposed arrangement under Section 192 of the *Canada Business Corporations Act* involving the Corporation and its shareholders (the "**Arrangement**") contemplated by the arrangement agreement dated as of April 8, 2024 (the "**Arrangement Agreement**") among, *inter alios*, the Corporation, Westgold Resources Limited and Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**SpinCo**"), as such Arrangement Agreement may be, or may have been, modified or amended in accordance with its terms, the proposed omnibus share incentive plan of SpinCo, all as more particularly described and set forth in the management information circular of the Corporation dated June 17, 2024 (the "**SpinCo Omnibus Share Incentive Plan**"), is hereby approved.
2. Subject to regulatory approval and completion of the Arrangement, the SpinCo Omnibus Share Incentive Plan shall become effective at the effective time of the plan of arrangement involving the Corporation and its shareholders giving effect to the Arrangement (the "**Plan of Arrangement**"), as such Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms or the terms of the Arrangement Agreement.
3. Any officer or director of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

For personal use only

APPENDIX D
PLAN OF ARRANGEMENT

See attached.

For personal use only

**PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Acquireco**" means 1474429 B.C. Ltd., a company existing under the laws of British Columbia and a direct wholly owned subsidiary of Westgold;

"**Acquireco Common Shares**" means the common shares in the capital of Acquireco;

"**affiliate**" has the meaning given to it in the Securities Act;

"**Arrangement**" means an arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of Karora and Westgold, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated April 8, 2024 between Westgold, Karora, Acquireco and Spinco, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution of the Karora Shareholders approving the Arrangement to be considered at the Karora Meeting, substantially in the form and content of Schedule B to the Arrangement Agreement;

"**Articles of Arrangement**" means the articles of arrangement of Karora in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to Karora and Westgold, each acting reasonably;

"**Australian Tax Act**" means the *Income Tax Assessment Act 1936 (Cth)* and *Income Tax Assessment Act 1997 (Cth)* and the regulations thereunder, as amended from time to time;

"**Business Day**" means a day, other than a Saturday or a Sunday, on which the principal commercial banks located in Toronto, Ontario and Perth, Western Australia are open for the conduct of business;

"**Cash Consideration**" means \$0.608 for every one (1) Karora Class A Share;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement;

"**Consideration**" means the Cash Consideration and the Share Consideration;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Depository**" means any trust company, bank or financial institution agreed to in writing between the Parties for the purpose of, among other things, issuing the Spinco Distribution Shares to Participating Former Karora Shareholders

For personal use only

and exchanging certificates representing Karora Shares for certificates representing the Share Consideration and the Cash Consideration pursuant to the Arrangement;

"**Director**" means the Director appointed pursuant to Section 260 of the CBCA;

"**Dissent Rights**" shall have the meaning ascribed thereto in Section 4.1;

"**Dissenting Shareholder**" means a registered holder of Karora Shares that has duly and validly exercised their Dissent Rights and that has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and that is ultimately determined to be entitled to be paid the fair value of its Karora Shares;

"**DRS**" shall have the meaning ascribed thereto in Section 5.2;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date;

"**Final Order**" means the final order of the Court, after being informed of the intention to rely upon the exemption from the registration requirements under section 3(a)(10) of the U.S. Securities Act with respect to the issuance and distribution of the Karora Class A Shares, Fractional Spinco Shares and Share Consideration, approving the Arrangement, in form and substance acceptable to both Karora and Westgold, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Karora and Westgold, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to both Karora and Westgold, each acting reasonably);

"**final proscription date**" shall have the meaning ascribed thereto Section 5.6;

"**Former Karora Shareholders**" means the holders of Karora Shares (other than Westgold and its affiliates) immediately prior to the Effective Time;

"**Fractional Spinco Share**" means that portion of a Spinco Distribution Share equal to 0.30 of a Spinco Share to be distributed to each Former Karora Shareholder pursuant to Section 3.1(f) in partial consideration for the exchange of each Karora Share;

"**Initial Spinco Share**" means the initial common share issued to Karora on incorporation of Spinco;

"**Interim Order**" means the interim order of the Court, after being informed of the intention to rely upon the exemption from the registration requirements under section 3(a)(10) of the U.S. Securities Act with respect to the issuance and distribution of the Karora Class A Shares, Fractional Spinco Shares and Share Consideration, to be issued following the application therefor contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Karora Meeting, as the same may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both Karora and Westgold, each acting reasonably;

"**Karora**" means Karora Resources Inc.;

"**Karora Circular**" means the notice of the Karora Meeting to be sent to Karora Shareholders and the management information circular to be prepared in connection with the Karora Meeting, together with any amendments thereto or supplements thereof, and any other information circular or proxy statement which may be prepared by Karora in connection with the Karora Meeting;

"**Karora Class A Shares**" means the Class A common shares in the capital of Karora to be created in accordance with this Plan of Arrangement, which shall have attached thereto the right to vote at all meetings of Karora Shareholders, the right to dividends as and when declared by the Karora Board and the right to participate in the remaining assets of

Karora upon a winding-up of Karora, all as more specifically set out in a Schedule to be appended to this Plan of Arrangement prior to the mailing of the Karora Circular to Karora Shareholders in connection with the Karora Meeting;

"**Karora DSUs**" means the outstanding deferred share units of Karora issued under the Karora Plan;

"**Karora Meeting**" means the special meeting of the Karora Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and any other matters as may be set out in the Karora Circular and agreed to in writing by Westgold, acting reasonably;

"**Karora Options**" means the outstanding options to purchase Karora Shares granted under the Karora Plan;

"**Karora Plan**" means Karora's share incentive plan dated June 14, 2010, as amended and restated on March 26, 2013, and further amended and restated on June 16, 2022, which was most recently approved by Karora Shareholders at the annual and special meeting of Karora on June 16, 2022;

"**Karora PSUs**" means the outstanding performance share units of Karora issued under the Karora Plan;

"**Karora RSUs**" means the outstanding restricted share units of Karora issued under the Karora Plan;

"**Karora Shareholders**" means the holders of the Karora Shares;

"**Karora Shares**" means the common shares in the capital of Karora, as constituted immediately prior to the Effective Time;

"**Participating Former Karora Shareholders**" means Former Karora Shareholders, other than Dissenting Shareholders;

"**Party**" means any of Karora, Westgold, Acquireco or Spinco as the case may be, and "**Parties**" means all of them, collectively;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations hereto made in accordance with section 8.3 of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or at the direction of the Court;

"**Share Consideration**" means 2.524 Westgold Shares for every one (1) Karora Class A Share;

"**Spinco**" means 1000853883 Ontario Inc., a corporation existing under the laws of Ontario and, immediately prior to the Effective time, a direct wholly owned subsidiary of Karora;

"**Spinco Distribution Shares**" means the Spinco Shares issued to, or acquired by, Karora pursuant to Sections 3.1(b) and 3.1(c) of this Plan of Arrangement by Spinco as final consideration for the transfer of the Transferred Assets from Karora and its applicable direct and indirect subsidiaries to Spinco as contemplated by the Spinco Contribution Agreement and those agreements (if any) made between Spinco and applicable direct and indirect subsidiaries of Karora pursuant to Section 3.1(b);

"**Spinco Shares**" means the common shares in the capital of Spinco, as constituted on the date hereof;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Tax**" or "**Taxes**" mean any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income

taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions, whether or not disputed.

"Transferee Liabilities" shall have the meaning ascribed thereto in the Spinco Contribution Agreement;

"Transferred Assets" shall have the meaning ascribed thereto in the Spinco Contribution Agreement and the meaning ascribed thereto in any agreements made between Spinco and any applicable direct and indirect subsidiaries of Karora pursuant to Section 3.1(b);

"Transmittal Letter" means the letter of transmittal sent to holders of Karora Shares for use in connection with the Arrangement;

"U.S. Securities Act" means the United States Securities Act of 1933;

"U.S. Tax Code" means the United States Internal Revenue Code of 1986;

"Westgold" means Westgold Resources Limited, a company existing under the laws of Australia with ACN 009 260 306; and

"Westgold Shares" means the ordinary shares in the capital of Westgold, as constituted on the date hereof.

In addition, words and phrases used herein and defined in the CBCA and not otherwise defined herein shall have the same meaning herein as in the CBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto. Unless the contrary intention appears, references in this Plan of Arrangement to an Article or Section, by number or letter or both refer to the Article or Section, respectively, bearing that designation in this Plan of Arrangement.

1.3 Number, Gender and persons

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

For personal use only

1.5 Statutory References

Any reference in this Plan of Arrangement to a statute includes all rules and regulations made or promulgated thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.6 Currency

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

1.7 Governing Law

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE 2 ARRANGEMENT AGREEMENT AND PRE-ARRANGEMENT MATTERS

2.1 Arrangement Agreement

This Plan of Arrangement constitutes an arrangement under Section 192 of the CBCA and is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective, and be binding on Karora, Westgold, Acquireco, Spinco, all Karora Shareholders, the registrar and transfer agent of Karora and the Depositary at and after the Effective Time, in each case without any further act or formality required on the part of any person, except as expressly provided in this Plan of Arrangement.

2.3 Spinco Contribution Agreement

Prior to the Effective Date, as a condition precedent to the implementation of the Arrangement, (i) Karora and Spinco shall have entered into the Spinco Contribution Agreement, (ii) Spinco and all applicable direct and indirect subsidiaries of Karora shall have entered into all agreements required pursuant to Section 3.1(b) and (iii) Karora, Spinco, and all applicable direct and indirect subsidiaries of Karora shall have entered into all agreements required pursuant to Section 3.1(c).

2.4 Incentive Securities

On the Effective Date, immediately prior to the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality (but not as part of the Arrangement):

- (a) all of the Karora Shares to be issued on the Effective Date in connection with the exercise of outstanding Karora Options by the holders thereof shall be issued and the name of each such former holder of an exercised Karora Option shall be entered into the central securities register of Karora, but no such former holder shall be entitled to a certificate or DRS representing the Karora Shares issued upon exercise of such holder's Karora Options; and
- (b) all of the Karora Shares to be issued on the Effective Date in connection with the surrender and cancellation or redemption of the Karora DSUs, Karora PSUs and Karora RSUs in accordance with the terms of Karora Plan and the Arrangement Agreement shall be issued and the name of each such former holder of a surrendered and cancelled or redeemed Karora DSU, Karora PSU or Karora RSU

shall be entered into the central securities register of Karora, but no such former holder shall be entitled to a certificate or DRS representing the Karora Shares issued upon the surrender and cancellation or redemption of such holder's Karora DSUs, Karora PSUs or Karora RSUs.

ARTICLE 3 ARRANGEMENT

3.1 Arrangement

At the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further act or formality:

- (a) each Karora Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to Acquireco and Acquireco shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 4 hereof, and: (i) the name of such holder shall be removed from the central securities register as a holder of Karora Shares and such Karora Shares shall be cancelled and cease to be outstanding; and (ii) such Dissenting Shareholders will cease to have any rights as Karora Shareholders other than the right to be paid the fair value for their Karora Shares by Karora;
- (b) the transactions contemplated by (i) the Spinco Contribution Agreement, and (ii) all agreements (if any) required to transfer those Transferred Assets held by any applicable direct or indirect subsidiary of Karora to Spinco at the Effective Time, shall become effective, and pursuant thereto Karora, or its applicable direct or indirect subsidiaries, shall or shall cause to be transferred, assigned and conveyed to Spinco the Transferred Assets and Spinco shall accept and assume the Transferee Liabilities and issue or transfer to Karora and its applicable direct or indirect subsidiaries the Spinco Distribution Shares and such other applicable securities, properties, rights, liabilities or interests described in each applicable agreement, and Karora and each applicable direct or indirect subsidiary of Karora receiving Spinco Distribution Shares shall be entered into the register of Spinco Shares maintained by or on behalf of Spinco as a registered holder of such Spinco Distribution Shares;
- (c) the transactions contemplated by those agreements (if any) entered into by Karora, its direct or indirect subsidiaries and Spinco to transfer or issue to Karora all Spinco Distribution Shares not otherwise acquired by Karora pursuant to Section 3.2(b) shall become effective, and pursuant thereto Karora shall be issued or transferred all Spinco Distribution Shares not otherwise acquired by Karora pursuant to Section 3.2(b) for that consideration set out in each applicable agreement, each direct or indirect subsidiary of Karora shall transfer such Spinco Distribution Shares acquired pursuant to Section 3.2(b) (if any) to Karora and, Spinco shall issue to Karora any Spinco Distribution Shares not previously issued to Karora or its applicable direct or indirect subsidiaries pursuant to Section 3.2(b) (if any) and Karora shall be entered into the register of Spinco Shares maintained by or on behalf of Spinco as a registered holder of such Spinco Distribution Shares so transferred or issued and the name of each direct or indirect subsidiary of Karora that acquired Spinco Distribution Shares pursuant to Section 3.2(b) shall be removed from the register of holders of Spinco Shares maintained by or on behalf of Karora;
- (d) the authorized share capital of Karora shall be amended by the creation of an unlimited number of Karora Class A Shares, of which an unlimited number of shares may be issued, and the articles of Karora shall be deemed to be amended accordingly;
- (e) Karora shall undertake a reorganization of capital within the meaning of section 86 of the Tax Act, pursuant to which each Karora Share held by the Participating Former Karora Shareholders (including, for the avoidance of doubt, any Karora Shares issued to holders of Karora Options, Karora RSUs, Karora PSUs and Karora DSUs pursuant to Section 2.4, but excluding any Karora Shares that are held by Westgold or its affiliates, if any, and any Karora Shares that are cancelled pursuant to Section 3.1(a)) shall be, and shall be deemed to be, transferred to Karora (free and clear

For personal use only

of any liens, claims and encumbrances) in exchange for one (1) Karora Class A Share and a Fractional Spinco Share, and such Karora Shares shall thereupon be cancelled, and:

- a. the Participating Former Karora Shareholders shall cease to be the holders thereof and to have any rights or privileges as holders of such Karora Shares;
 - b. the Participating Former Karora Shareholders' names shall be removed from the register of holders of Karora Shares maintained by or on behalf of Karora;
 - c. each Participating Former Karora Shareholder shall be deemed to be the holder of that number of Karora Class A Shares and that number of Spinco Shares as rounded down pursuant to Section 3.2(a) (in each case, free and clear of any liens, claims and encumbrances) received in exchange for their Karora Shares and shall be entered in the registers of holders of Karora Class A Shares and Spinco Shares, as the case may be, as the registered holder thereof;
 - d. Karora shall be removed from the register of holders of Spinco Shares in respect of those Fractional Spinco Shares transferred to the Participating Former Karora Shareholders; and
 - e. the stated capital account maintained by Karora in respect of the Karora Shares shall be reduced by an amount equivalent to the aggregate paid-up capital (as determined for purposes of the Tax Act) attributable to the Karora Shares exchanged pursuant to this Section 3.1 immediately prior to their exchange, and there shall be added to the stated capital account maintained by Karora in respect of the Karora Class A Shares, the amount by which (A) the aggregate paid-up capital attributable to the Karora Shares exchanged pursuant to this Section 3.1 immediately prior to the exchange exceeds the fair market value of the Spinco Shares distributed by Karora to the Participating Former Karora Shareholders on such exchange;
- (f) the Initial Spinco Share held by Karora shall be cancelled without any repayment therefor, and Karora shall be removed from Spinco's register of holders of Spinco Shares;
- (g) each Participating Former Karora Shareholder shall transfer, and shall be deemed to have transferred, to Acquireco, without any further act or formality by such Participating Former Karora Shareholder, free and clear of all liens, claims and encumbrances, each Karora Class A Share held by such Participating Former Karora Shareholder in exchange for the Consideration, and each of Westgold and Acquireco shall be deemed to have directed the Depository to issue and to pay to such Participating Former Karora Shareholder the Consideration to which such Participating Former Karora Shareholder is entitled pursuant to this Section 3.1(g), and upon such exchange:
- a. Acquireco shall issue to Westgold, as consideration for the issue of the Share Consideration by Westgold, one fully paid and non-assessable Acquireco Common Share for each such Westgold Share, and the capital account maintained by Acquireco in respect of the Acquireco Common Shares shall be increased, in respect of each Acquireco Common Share issued pursuant to this Section 3.1(g)a, by an amount equal to the fair market value of a Westgold Share determined immediately prior to the Effective Time, and Westgold shall be entered in Acquireco's central securities register of holders of Acquireco Common Shares;
 - b. each Participating Former Karora Shareholder shall be removed from Karora's central securities register of holders of Karora Class A Shares;
 - c. Acquireco shall be entered in Karora's central securities register of holders of Karora Class A Shares as the legal and beneficial owner of such Karora Class A Shares, free of all liens, claims and encumbrances; and

- d. each Participating Former Karora Shareholder shall be entered in Westgold's register of holders of Westgold Shares in respect of Westgold Shares payable to such Participating Former Karora Shareholder pursuant to this Section 3.1(g); and
- (h) the Karora Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect.

At such time following the completion of those transactions described in the foregoing paragraphs of this Section 3.1, as promptly as possible after all conditions therefore have been met, Karora shall file or cause to be filed the prescribed form of election under the Tax Act with the Canada Revenue Agency electing to cease being a public corporation for the purposes of the Tax Act.

3.2 No Fractional Shares and Rounding of Cash Consideration

- (a) No fractional Westgold Shares or Spinco Shares shall be issued to Participating Former Karora Shareholders. The number of Westgold Shares or Spinco Shares to be issued to Participating Former Karora Shareholders shall be rounded down to the nearest whole Westgold Share or Spinco Share, as applicable, in the event that a Participating Former Karora Shareholder is entitled to a fractional share representing less than a whole Westgold Share or Spinco Share, as applicable. No Participating Former Karora Shareholder shall be entitled to any compensation in respect of a fractional Westgold Share or Spinco Share.
- (b) If the aggregate Cash Consideration which a Participating Former Karora Shareholder is entitled to receive pursuant to Section 3.1(g) would otherwise include a fraction of \$0.01, then the aggregate cash amount which such Participating Former Karora Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole \$0.01.

ARTICLE 4 DISSENT RIGHTS

4.1 Dissent Rights

Registered and beneficial holders of Karora Shares as of the record date for the Karora Meeting and who are registered Karora Shareholders prior to the deadline for exercising dissent rights may exercise dissent rights with respect to all of the Karora Shares held by such registered holders ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 190 of the CBCA, as modified by the Interim Order, the Final Order, any other order of the Court and this Article 4, provided that, notwithstanding Subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in Subsection 190(5) of the CBCA must be received by Karora no later than 5:00 p.m. (Toronto time) two (2) Business Days immediately preceding the date of the Karora Meeting (as it may be adjourned or postponed from time to time).

Each Dissenting Shareholder who duly exercises Dissent Rights shall be deemed to have transferred the Karora Shares held by such holder to Acquireco as provided, and as of the time stipulated, in Section 3.1(a) and if such holder is ultimately determined to be:

- (a) entitled to be paid fair value for such Karora Shares, (i) shall be deemed not to have participated in the transactions in Article 3 (other than Section 3.1(a)), (ii) shall be entitled to be paid the fair value of such Karora Shares by Acquireco, less any applicable withholdings, which fair value, notwithstanding anything to the contrary in the CBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Karora Meeting, and (iii) will not be entitled to any other payment or consideration, including any payment or consideration that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Karora Shares; or

- (b) not entitled, for any reason, to be paid the fair value for such Karora Shares, shall be deemed to have participated in the Arrangement on the same basis and at the same time as Karora Shareholders who have not exercised Dissent Rights in respect of such Karora Shares and shall be entitled to receive the Fractional Spinco Shares and the Consideration to which Karora Shareholders who have not exercised Dissent Rights are entitled under Sections 3.1(g).

4.2 Recognition of Dissenting Holders

- (a) In no case shall any Party, the Depositary or any other person be required to recognize any Dissenting Shareholder or any other person exercising Dissent Rights unless such person (i) as of the record date for the Karora Meeting, is the registered or beneficial holder of those Karora Shares in respect of which such rights are sought to be exercised, (ii) as of the deadline for exercising Dissent Rights, is the registered holder of those Karora Shares in respect of which such rights are sought to be exercised and (iii) has strictly complied with the procedures for exercising Dissent Rights and has not withdrawn such dissent prior to the Effective Time.
- (b) In no case shall any Party or any other person be required to recognize any holder of Karora Shares who validly exercises Dissent Rights as a holder of such Karora Shares after the completion of the transfer under Section 3.1(a) and the names of such Dissenting Shareholders shall be removed from the registers of holders of Karora Shares at the same time as the event described in Section 3.1(a) occurs.
- (c) Karora Shareholders who withdraw, or are deemed to withdraw, their right to exercise Dissent Rights shall be deemed to have participated in the Arrangement, as of the Effective Time, and shall be entitled to receive the Fractional Spinco Shares and the Consideration to which Karora Shareholders who have not exercised Dissent Rights are entitled under Section 3.1(g).
- (d) In addition to any other restrictions under the Interim Order or Section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (a) holders of Karora Options, Karora DSUs, Karora PSUs or Karora RSUs (in their capacity as holders of such securities); (b) Karora Shareholders who voted or instructed a proxyholder to vote Karora Shares in favour of the Arrangement Resolution; (c) Westgold and any of its affiliates; and (d) any person who is not a registered holder of Karora Shares.

ARTICLE 5 DELIVERY OF CONSIDERATION

5.1 Payment of Consideration

Following the receipt of the Final Order, on or prior to the Effective Date and prior to the filing by Karora of the Articles of Arrangement with the Director:

- (a) Westgold shall (i) deposit with, or cause to be deposited with, the Depositary sufficient funds to satisfy (Y) the aggregate Cash Consideration payable to the Participating Former Karora Shareholders pursuant to this Plan of Arrangement with the Depositary (Z) the aggregate cash payable to Dissenting Shareholders who have validly exercised Dissent Rights, with the amount per Karora Share in respect of which Dissent Rights have been validly exercised being deemed to be the Consideration for this purpose, and (ii) deliver or arrange to be delivered to the Depositary sufficient Westgold Shares required to be issued to Participating Former Karora Shareholders in accordance with the provisions of Section 3.1, which Westgold Shares shall be held by the Depositary as agent and nominee for such Participating Former Karora Shareholders for distribution

to such Participating Former Karora Shareholders in accordance with the provisions of Article 5; and

- (b) Karora shall, or shall cause Spinco to, deliver or arrange to be delivered to the Depository sufficient Spinco Distribution Shares required to be issued to Participating Former Karora Shareholders as Fractional Spinco Shares in accordance with the provisions of Section 3.1, which Spinco Distribution Shares shall be held by the Depository as agent and nominee for such Participating Former Karora Shareholders for distribution to such Participating Former Karora Shareholders in accordance with the provisions of Article 5.

5.2 Delivery of Consideration

- (a) Upon surrender to the Depository for cancellation of a certificate or direct registration statement ("DRS") advice-statement that immediately before the Effective Time represented one or more outstanding Karora Shares that were transferred to Westgold in accordance with Section 3.1, together with a duly completed Transmittal Letter and such other documents and instruments as would have been required to effect the transfer of the Karora Shares formerly represented by such certificate or DRS advice-statement under the CBCA and the constating documents of Karora and such additional documents and instruments as the Depository may reasonably require, the Participating Former Karora Shareholder surrendering such certificate shall be entitled to receive in exchange therefor, and the Depository shall deliver to such holder following the Effective Time, (i) a certificate, holding statement or DRS advice-statement representing the Westgold Shares that such holder is entitled to receive in accordance with Section 3.1, (ii) a certificate or DRS advice-statement representing the Spinco Distribution Shares that such holder is entitled to receive in accordance with Section 3.1 and (iii) the cash payment which such holder has the right to receive in accordance with Section 3.1, without interest, less any amounts withheld pursuant to Section 5.5.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by this Section 5.2, each certificate or DRS advice-statement that immediately prior to the Effective Time represented one or more Karora Shares shall be deemed at all times to represent only the right to receive in exchange therefor the Consideration and the Spinco Distribution Shares that the holder of such certificate is entitled to receive in accordance with Section 3.1.

5.3 Lost Certificates

If any certificate that immediately prior to the Effective Time represented one or more outstanding Karora Shares that were exchanged in accordance with Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, the Consideration and Spinco Distribution Shares that such holder is entitled to receive in accordance with Section 3.1. When authorizing such delivery of the Consideration and Spinco Distribution Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom the Consideration and Spinco Distribution Shares is to be delivered shall, as a condition precedent to the delivery of the Consideration and Spinco Distribution Shares, give a bond satisfactory to Westgold, Spinco and the Depository in such amount as Westgold, Spinco and the Depository may direct, or otherwise indemnify Westgold, Spinco and the Depository in a manner satisfactory to Westgold, Spinco and the Depository, against any claim that may be made against Westgold, Spinco or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the constating documents of Karora.

5.4 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or made after the Effective Time with respect to Westgold Shares or Spinco Distribution Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate or DRS advice-statement that, immediately prior to the Effective Time, represented outstanding Karora Shares unless and until the holder of such certificate or DRS advice-statement shall have complied with the provisions of Section 5.2 or Section 5.3. Subject to applicable Law and to withholding required pursuant to Section 5.5, at the

time of such compliance, there shall, in addition to the delivery of certificates representing Westgold Shares and Spinco Distribution Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Westgold Shares and Spinco Distribution Shares.

5.5 Withholding Rights

Westgold, Karora, Acquireco, Spinco the Depositary and their respective agents, as applicable, shall be entitled to deduct and withhold from any Consideration payable or otherwise deliverable to any Karora Shareholder or any other person under this Plan of Arrangement (including any payment to Dissenting Shareholders and holders of Karora Options, Karora PSUs, Karora DSUs and Karora RSUs) such Taxes or other amounts as Westgold, Karora, Acquireco, Spinco, the Depositary or their respective agents, as the case may be, may reasonably determine is required to be deducted or withheld with respect to such payment under the Tax Act, the U.S. Tax Code, the Australian Tax Act or any provision of Laws in respect of Taxes. For the purposes hereof, all such deducted or withheld amounts shall be treated as having been paid to the person in respect of which such deduction or withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are timely remitted to the appropriate Governmental Entity by or on behalf of Westgold, Karora, Acquireco, the Depositary or their respective agents, as the case may be. To the extent that the amount so required to be deducted or withheld from any payment to a Karora Shareholder or holder of a Karora Options, Karora PSUs, Karora DSUs and Karora RSUs exceeds the cash component, if any, of the amount otherwise payable, subject to the prior approval of Westgold, any of Westgold, Karora, Acquireco, the Depositary or their respective agents, as the case may be, are hereby authorized to sell or otherwise dispose of such portion of the Share Consideration or other Westgold securities, as applicable, issuable as is necessary to provide sufficient funds to Westgold, Karora, Acquireco, the Depositary or their respective agents, as the case may be, to enable it to comply with all deduction or withholding requirements applicable, and Westgold, Karora, Acquireco, the Depositary or their respective agents, as the case may be, shall remit the applicable portion of the net proceeds of such sale (after deduction of all fees, commissions or costs in respect of such sale) to the appropriate Governmental Entity and shall remit to such Karora Shareholder or holder of a Karora Options, Karora PSUs, Karora DSUs and Karora RSUs any unapplied balance of the net proceeds of such sale. Any sale will be made in accordance with applicable Laws and at prevailing market prices and none of Westgold, Karora, Acquireco, the Depositary or their respective agents, as the case may be, shall be under any obligation to obtain a particular price, or indemnify any Karora Shareholder or holder of a Karora Options, Karora PSUs, Karora DSUs and Karora RSUs in respect of a particular price, for the portion of the Share Consideration or other Westgold securities, as applicable, so sold.

5.6 Limitation and Proscription

To the extent that a Former Karora Shareholder shall not have complied with the provisions of Section 5.2 or Section 5.3 on or before the date that is six (6) years after the Effective Date (the "**final proscription date**"), then the Fractional Spinco Shares and the Consideration that such Former Karora Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and (i) the certificates, holding statements or DRS advice-statements representing Westgold Shares and the Cash Consideration shall be delivered to Westgold by the Depositary and (ii) the certificates or DRS advice-statements, as applicable, representing Fractional Spinco Shares shall be delivered to Spinco by the Depositary and the certificates, holding statements and DRS advice statements representing such Westgold Shares and Fractional Spinco Shares shall be cancelled by Westgold or Spinco, as applicable, and the interest of the Former Karora Shareholder in the Fractional Spinco Shares and the Consideration shall be terminated as of such final proscription date.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (a) Westgold and Karora reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) agreed to in writing by Westgold and Karora, (iii) filed with the

For personal use only

Court and, if made following the Karora Meeting, approved by the Court, and (iv) communicated to holders or former holders of Karora Shares if and as required by the Court.

- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Karora or Westgold at any time prior to the Karora Meeting provided that Westgold and Karora, each acting reasonably, shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Karora Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Karora and Westgold may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Karora Meeting and prior to the Effective Time with the approval of the Court, and, if and only if: (i) it is consented to in writing by each of Westgold and Karora, each acting reasonably; and (ii) if required by the Court, it is consented to by the Karora Shareholders voting in the manner directed by the Court.
- (d) Notwithstanding anything to the contrary contained herein, prior to the Effective Time, Karora and Westgold may, and following the Effective Time, Westgold and Karora may unilaterally, amend, modify and/or supplement this Plan of Arrangement at any time and from time to time without the approval of the Court, the Karora Shareholders or any other persons, provided that each such amendment, modification and/or supplement (i) must concern a matter which, in the reasonable opinion of each of Karora and Westgold, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement, and (ii) is not adverse to the interests of any Karora Shareholders or, to the extent the amendment, modification and/or supplement is made following the Effective Time, Participating Former Karora Shareholders.

6.2 Termination

This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties will make, do and execute, or cause to be made, done and executed, any such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

ARTICLE 8 U.S. SECURITIES LAW MATTERS

8.1 U.S. Securities Law Matters

Notwithstanding any provision herein to the contrary, this Plan of Arrangement will be carried out with the intention that all Karora Class A Shares, Fractional Spinco Shares and Westgold Shares to be issued and distributed to Karora Shareholders pursuant to this Plan of Arrangement, as applicable, will be issued and exchanged in reliance on the exemption from the registration requirements of the U.S. Securities Act as provided by section 3(a)(10) thereof and pursuant to the terms, conditions and procedures set forth in the Arrangement Agreement.

SCHEDULE "A"
TO THE PLAN OF ARRANGEMENT

ARTICLE 1
INTERPRETATION

1.1 References to "Act"

In these provisions, as from time to time amended, unless there is something in the context inconsistent herewith, "Act" means the *Canada Business Corporations Act*, or the successor thereof, as amended from time to time. These provisions shall be governed by and are subject to the applicable provisions of the Act and, except as otherwise expressly provided herein, all words and terms used herein that are defined in the Act shall have the respective meanings ascribed thereto in the Act.

1.2 Headings, Gender and Number

These provisions, as from time to time amended, shall be read without regard to article or section headings, which are included for ease of reference only and shall not affect the construction or interpretation hereof, and with all changes in gender and number required by the context.

ARTICLE 2
CLASS A COMMON SHARES

The Class A common shares have attached thereto the following rights, privileges, restrictions and conditions:

2.1 Voting Rights

The holders of Class A common shares are entitled to receive notice of, attend, and vote at all meetings of the shareholders of the Corporation, except where holders of another class or series are entitled to vote separately as a class or series as provided in the Act. Each holder of Class A common shares is entitled, voting together with the holders of shares of all other classes of shares, or series thereof, of the Corporation, if any, entitled to vote at such meetings, to (a) two (2) votes for each Class A common share held with respect to altering the name of the Corporation and (b) one (1) vote for each Class A common share held with respect to all other matters, taken at such meetings.

2.2 Dividends

The holders of the Class A common shares are entitled to receive any dividend as the directors of the Corporation may declare from time to time on the Class A common shares, in their absolute discretion, in accordance with the Act. Any such dividends are payable by the Corporation as and when determined by the directors of the Corporation, in their sole and absolute discretion. For greater certainty, the directors of the Corporation may declare dividends on the Class A common shares without declaring dividends on any other class of shares.

2.3 Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the property and assets of the Corporation for the purpose of winding-up the affairs of the Corporation, the holders of Class A common shares shall be entitled to receive, equally on a share for share basis with the holders of the common shares, the remaining property and assets of the Corporation.

ARTICLE 3
COMMON SHARES

The common shares have attached thereto the following rights, privileges, restrictions and conditions:

For personal use only

3.1 Voting Rights

The holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Corporation, except where holders of another class or series are entitled to vote separately as a class or series as provided in the Act. Each holder of common shares is entitled, voting together with the holders of shares of all other classes of shares, or series thereof, of the Corporation, if any, entitled to vote at such meetings, to one (1) vote for each common share held on all votes taken at such meetings.

3.2 Dividends

The holders of the common shares are entitled to receive any dividend as the directors of the Corporation may declare from time to time on the common shares, in their absolute discretion, in accordance with the Act. Any such dividends are payable by the Corporation as and when determined by the directors of the Corporation, in their sole and absolute discretion. For greater certainty, the directors of the Corporation may declare dividends on the common shares without declaring dividends on any other class of shares.

3.3 Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the property and assets of the Corporation for the purpose of winding-up the affairs of the Corporation, the holders of common shares shall be entitled to receive, equally on a share for share basis with the holders of the Class A common shares, the remaining property and assets of the Corporation.

ARTICLE 4 SPECIAL SHARES

4.1. Issuable in Series

The special shares may from time to time be issued in one or more series and subject to the following provisions, and subject to the sending of articles of amendment in prescribed form, and the endorsement thereon of a certificate of amendment in respect thereof, the directors may fix from time to time before such issue the number of shares that is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of special shares including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption, purchase and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions.

4.2. Dividends; Liquidation, Dissolution or Winding-Up

The special shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the special shares of every other series and be entitled to preference over the special shares and over any other shares of the Corporation ranking junior to the special shares. The special shares of any series may also be given such other preferences, not inconsistent with these articles, over the special shares and any other shares of the Corporation ranking junior to the special shares as may be fixed as provided herein.

4.3. Cumulative Dividends

If any cumulative dividends or amounts payable on the return of capital in respect of a series of special shares are not paid in full, all series of special shares shall participate rateably in respect of such dividends and return of capital.

4.4. Convertible

The special shares of any series may be made convertible into special shares of any other series, Class A common shares or common shares at such rate and upon such basis as the directors in their discretion may determine.

For personal use only

4.5. Voting Rights

Unless the directors otherwise determine in the articles of amendment designating a series, the holder of each share of a series of special shares shall be entitled to one (1) vote at a meeting of shareholders.

VOTING RESTRICTIONS

The holders of shares of a class or of a series of the Corporation are not entitled to vote separately as a class or series, as the case may be, upon, and shall not be entitled to dissent in respect of, any proposal to amend the articles to:

- (a) increase or decrease any maximum number of authorized shares of such class or series, or increase any maximum number of authorized shares of a class or series having rights or privileges equal or superior to the shares of such class or series;
- (b) effect an exchange, reclassification or cancellation of the shares of such class or series; or
- (c) create a new class or series of shares equal or superior to the shares of such class or series.

For personal use only

APPENDIX E
INTERIM ORDER

See attached.

For personal use only

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 14TH DAY
)
JUSTICE W.D. BLACK) OF JUNE, 2024

B E T W E E N:

IN THE MATTER OF an Application under section 192 of the
Canada Business Corporations Act, RSC 1985, c C-44, as amended;

AND IN THE MATTER OF an Application under Rules 14.05(2) and 14.05(3) of
the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement of Karora Resources Inc.
involving Westgold Resources Limited, 1474429 B.C. Ltd. and
1000853883 Ontario Inc.

KARORA RESOURCES INC.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Karora Resources Inc. (“**Karora**”), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended, (the “**CBCA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on June 10, 2024 and the affidavit of Paul Andre Huet sworn June 12, 2024, (the “**Huet Affidavit**”), including the

For personal use only

Plan of Arrangement, which is attached as Appendix D to the draft management proxy circular of Karora (the “**Information Circular**”), which is attached as Exhibit A to the Huet Affidavit, and on hearing the submissions of counsel for Karora and counsel for Westgold Resources Limited (“**Westgold**”) and on being advised that the Director appointed under the CBCA (the “**Director**”) does not consider it necessary to appear.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Karora is permitted to call, hold and conduct an annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares in the capital of Karora (the “**Common Shares**”), to be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario on July 19, 2024 at 10:00 a.m. (Toronto time) in order for the Shareholders to, among other things, consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the “**Arrangement Resolution**”).

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the “**Notice of Meeting**”) and the articles and by-laws of Karora, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be June 13, 2024.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the holders of Karora options, performance share units, deferred share units, and restricted share units;
- c) the officers, directors, auditors and advisors of Karora;
- d) representatives and advisors of Westgold;
- e) the Director; and
- f) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Karora may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Karora and that the quorum at the Meeting shall be not less than two persons present in person, each being a Shareholder entitled to vote at the Meeting or a duly appointed proxyholder for an absent Shareholder entitled to vote at the Meeting, who hold or represent by proxy not less than 10% of the Common Shares entitled to be voted at the Meeting.

For personal use only

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Karora is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, provided same are to correct clerical errors, would not, if disclosed, reasonably be expected to affect a Shareholder's decision to vote, or are authorized by subsequent Court order, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement made after initial notice is provided as contemplated in paragraph 12 herein, which would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Karora may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Karora is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information

For personal use only

Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Karora, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Karora may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, subject to the extent subsection 253(4) of the CBCA is applicable, in order to effect notice of the Meeting, Karora shall send, or cause to be sent, the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Karora may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting Materials**”), as follows:

- a) to the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:

For personal use only

- i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Karora, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Karora;
- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
- iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Karora, who requests such transmission in writing and, if required by Karora;
- b) to non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*; and
- c) to the directors and auditors of Karora, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that Karora is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order) (collectively, the “**Court Materials**”) to the holders of Karora options, performance share units, deferred share units, and restricted share units, by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, or by email or inter-office mail, concurrently with the distribution described in paragraph 12 of this Interim Order (provided that delivery need only be made once notwithstanding that a person may be entitled to the Court Materials under more than one paragraph hereof). Unless distributed by inter-office mail, distribution to such persons shall be to their addresses as they appear on the books and records of Karora or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by Karora to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Karora, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Karora, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Karora is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials as Karora may determine in accordance with the terms of the Arrangement Agreement (“**Additional Information**”), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by

For personal use only

press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Karora may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that Karora is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Karora may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Karora is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Karora may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Karora deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with subsection 148(4) of the CBCA (except as the procedures of that section are

For personal use only

varied by this paragraph) provided that any instruments in writing delivered pursuant to section 148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of Karora or with the transfer agent of Karora as set out in the Information Circular; and (b) any such instruments must be received by Karora or its transfer agent not later than 5:00 p.m. (Toronto time) on the business day immediately preceding the Meeting (or any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Common Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Common Share held. In order for the Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- (i) an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders; and
- (ii) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting in person or proxy by the Shareholders, other than any other persons described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-

For personal use only

101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Regulatory Authorities, but subject to the exemptions noted therein and any exemptions granted thereunder.

Such votes shall be sufficient to authorize Karora to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Karora (other than in respect of the Arrangement Resolution), each Shareholder is entitled to one vote for each common share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Karora, c/o Bennett Jones LLP at 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario M5X 1A4, Attn: Abbas Ali Khan, in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by Karora not later than 5:00 p.m. (Toronto time) on the last business day that is two (2) business days immediately preceding the Meeting (or any adjournment or

For personal use only

postponement thereof), and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the “court” referred to in section 190 of the CBCA means this Court.

23. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Court to be entitled to be paid fair value for his, her or its common shares, shall be deemed to have transferred those common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Karora for cancellation in consideration for a payment of cash from Karora equal to such fair value; or
- ii) is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Karora, Westgold or any other person be required to recognize such Shareholders as holders of Common Shares of Karora at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Karora’s register of Shareholders of Common Shares at that time.

For personal use only

Hearing of Application for Approval of the Arrangement

24. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Karora may apply to this Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 25.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Karora, with a copy to counsel for Westgold, as soon as reasonably practicable, and, in any event, no less than two (2) days before the hearing of this Application at the following addresses:

BENNETT JONES LLP
3400 One First Canadian Place
PO Box 130
Toronto, ON M5X 1A4

Robert W. Staley (#27115J)
staleyr@bennettjones.com

Ian W. Thompson (#70169N)
thompsoni@bennettjones.com

Lawyers for Karora

STIKEMAN ELLIOTT LLP
5300 Commerce Court West
199 Bay Street
Toronto ON M5L 1B9

For personal use only

Alexander D. Rose
arose@stikeman.com

Lawyers for Westgold

27. **THIS COURT ORDERS** that, subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Karora;
- ii) Westgold;
- iii) the Director; and
- iv) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by Karora in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 25 shall be entitled to be given notice of the adjourned date.

Service and Notice

30. **THIS COURT ORDERS** that the Applicants and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof

For personal use only

by electronic message to Karora's Shareholders, creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg 81000-2-175 (SOR/DORS).

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the common shares, options, performance share units, deferred share units, or restricted share units of Karora, or the articles or by-laws of Karora, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that Karora shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

Issuance and Entry of Order

34. **THIS COURT ORDERS** that, notwithstanding Rules 59.04 and 59.05, this order is effective from the date that it is made, and is enforceable without any need for entry and filing.

For personal use only

In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing.

A handwritten signature in cursive script, appearing to read "W.D. Black", is written over a horizontal line.

W.D. BLACK J.

For personal use only

For personal use only

IN THE MATTER OF an Application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended; AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*; AND IN THE MATTER OF a proposed arrangement of Karora Resources Inc. involving Westgold Resources Limited, 1474429 B.C. Ltd. and 1000853883 Ontario Inc.

Court File No. CV-24-721854-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at TORONTO

ORDER

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Robert W. Staley (#27115J)
Email: staley@bennettjones.com

Ian W. Thompson (#70169N)
Email: thompsoni@bennettjones.com

Evana Yukanna (#87130N)
Email: yukanna@bennettjones.com

Telephone: (416) 863-1200

Lawyers for the Applicant

APPENDIX F

NOTICE OF APPLICATION FOR FINAL ORDER

See attached.

For personal use only



Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

IN THE MATTER OF an Application under section 192 of the
Canada Business Corporations Act, RSC 1985, c C-44, as amended;

AND IN THE MATTER OF an Application under Rules 14.05(2) and 14.05(3) of
the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement of Karora Resources Inc.
involving Westgold Resources Limited, 1474429 B.C. Ltd. and
1000853883 Ontario Inc.

KARORA RESOURCES INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made
by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing by video conference on **July 24, 2024**,
at **11:00 a.m.** (Toronto time), before a judge presiding over the Commercial List.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the
application or to be served with any documents in the application, you or an Ontario lawyer acting
for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of
Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer,
serve it on the applicant, and file it, with proof of service, in this court office, and you or your
lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE
TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE
APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve

For personal use only

a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date June 10, 2024 Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue
Toronto ON M5G 1R7

- TO: ALL HOLDERS OF COMMON SHARES OF KARORA RESOURCES INC.
- AND TO: ALL HOLDERS OF OPTIONS, DEFERRED SHARE UNITS, RESTRICTED SHARE UNITS AND PERFORMANCE SHARE UNITS OF KARORA RESOURCES INC.
- AND TO: ALL DIRECTORS OF KARORA RESOURCES INC.
- AND TO: THE AUDITOR FOR KARORA RESOURCES INC.
- AND TO: THE DIRECTOR UNDER THE *CANADA BUSINESS CORPORATIONS ACT*
Corporations Canada
Innovations, Science and Economic Development Canada
C.D. Howe Building
235 Queen Street
Ottawa, ON K1A 0H5

For personal use only

AND TO: STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto ON M5L 1B9

Alexander D. Rose (#49415P)
Email: arose@stikeman.com

Telephone: (416) 869-5500

Lawyers for Westgold Resources Limited and
1474429 B.C. Ltd.

For personal use only

APPLICATION

1. The Applicant, Karora Resources Inc. (“Karora”) makes an application for:
 - (a) an interim order (the “Interim Order”) for advice and directions pursuant to subsection 192(4) of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the “CBCA”), with respect to a proposed plan of arrangement (the “Arrangement”) to effect a re-organization of capital, spin-out of certain assets and acquisition of all of Karora’s issued and outstanding shares by Westgold Resources Limited (“Westgold”);
 - (b) a final order approving the Arrangement pursuant to section 192 of the CBCA;
 - (c) an order for abridged or abbreviated service and filing of the application and related materials, and validating such service or dispensing with service, if necessary;
 - (d) such further orders or directions as are required for the administration of the Arrangement; and
 - (e) such further and other relief as to this Honourable Court may deem just.

2. The grounds for the Application are:
 - (a) The Applicant, Karora, is a corporation existing under the CBCA, with its registered office located in Toronto, Ontario. Karora is a Canadian-based multi-operational mineral resource company with a portfolio of mining interests located in Western Australia. Karora’s common shares are currently listed for trading on

For personal use only

the Toronto Stock Exchange under the symbol “KRR” and on the OTCQX under the trading symbol “KRRGF”;

(b) Westgold is a company incorporated pursuant to the laws of Australia, with its registered office located in Perth, Western Australia. It is a mid-tier gold producer, operating multiple gold mines and processing facilities in Western Australia. Westgold’s ordinary shares are currently listed for trading on the Australian Securities Exchange under the symbol “WGX” and on the OTCQX Best Market under the symbol “WGXRF”;

(c) Karora proposes to effect the Arrangement, pursuant to which, among other things:

(i) Karora will assign (or cause to be assigned) to 1000853883 Ontario Inc., a wholly owned subsidiary of Karora (“SpinCo”), all of its ownership interests in certain assets, including (a) Karora’s equity interest in Kali Metals Limited, an Australian lithium exploration company, (b) its royalty interest in certain mining assets held by Kali Metals Limited, (c) the right to receive future payments related to the sale of the Dumont property, and (d) \$5 million in cash;

(ii) the capital of Karora will be reorganized to create a new class of shares in the capital of Karora designated as “Class A Common Shares”;

(iii) in conjunction with the reorganization of Karora’s capital, each issued and outstanding Karora common share will be exchanged for (i) one Karora Class A Share, and (ii) 0.3 of a SpinCo common share; and

For personal use only

- (iv) following the exchange of Karora Shares described above, 1474429 B.C. Ltd., a wholly owned subsidiary of Westgold (“AcquireCo”), will acquire all of the outstanding Karora Class A Shares, and Karora shareholders will receive, for each Karora Class A Share, (i) \$0.608 in cash and (ii) 2.524 ordinary shares in the capital of Westgold;
- (d) following the completion of the proposed Arrangement, Karora will become an indirect wholly owned subsidiary of Westgold;
- (e) the Arrangement is an “arrangement” within the meaning of subsection 192(1) of the CBCA;
- (f) all statutory requirements for an arrangement under the CBCA and any Interim Order the Court may grant either have been or will be fulfilled by the return date of this Application;
- (g) the relief sought in the Interim Order is within the scope of subsection 192(4) of the CBCA and will enable the Court to consider the Arrangement on the return of this Application;
- (h) the directions set out and the approvals required pursuant to the Interim Order will be followed and obtained by the return date of this Application for final approval;
- (i) the Arrangement is in the best interests of Karora and is being put forward in good faith for a *bona fide* business purpose, and has a material connection to the Toronto region where Karora’s registered office is located;

For personal use only

- (j) it is not practicable to effect a fundamental change in the nature of the Arrangement under any provision of the CBCA other than section 192;
- (k) Karora will not be insolvent for the purposes of subsection 192(2) of the CBCA at the time of the Arrangement or at any other material time;
- (l) the Arrangement is procedurally and substantively fair and reasonable and it is appropriate for this Honourable Court to approve the Arrangement;
- (m) if granted, the Final Order approving the Arrangement will constitute the basis for an exemption from the registration requirements of the *Securities Act of 1933*, as amended, of the United States of America provided by section 3(a)(10) thereunder, for the distribution of securities of Westgold, Karora and SpinCo to the Karora securityholders pursuant to the Arrangement;
- (n) Karora securityholders will be served with the Notice of Application at their addresses as they appear on the books and records of Karora pursuant to rule 17.02(n) of the *Rules of Civil Procedure*, and the terms of any Interim Order granted by this Honourable Court;
- (o) section 192 of the CBCA;
- (p) Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*;

For personal use only

- (q) the *Rules of Civil Procedure*, RRO 1990, Reg. 194, as amended, including, without limitation, rules 1.04, 1.05, 2.03, 3.02, 14.05(2), 14.05(3), 16.04, 17.02, 37, 38 and 39; and
- (r) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the Application:

- (a) such Interim Order as may be granted by this Court;
- (b) the affidavit of a representative of Karora, and the exhibits thereto, outlining the basis for the Interim Order for advice and directions;
- (c) further affidavit(s), with the exhibits thereto, outlining the basis for the final order approving the Arrangement, and reporting as to compliance with the Interim Order and the results of any meeting conducted pursuant to the Interim Order; and
- (d) such further and other material as counsel may advise and this Honourable Court may permit.

For personal use only

June 10, 2024

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Robert W. Staley (#27115J)
Email: staleyr@bennettjones.com

Ian W. Thompson (#70169N)
Email: thompsoni@bennettjones.com

Evana Yukanna (#87130N)
Email: yukannae@bennettjones.com

Telephone: (416) 863-1200

Lawyers for the Applicant,
Karora Resources Inc.

For personal use only

IN THE MATTER OF an Application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended; AND IN THE MATTER OF AN APPLICATION under Rules 14.05(2) and 14.05(3) of the *Rules of Civil Procedure*; AND IN THE MATTER OF a proposed arrangement of Karora Resources Inc. involving Westgold Resources Limited, 1474429 B.C. Ltd. and 1000853883 Ontario Inc.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at TORONTO

NOTICE OF APPLICATION

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Robert W. Staley (#27115J)
Email: staley@bennettjones.com

Ian W. Thompson (#70169N)
Email: thompsoni@bennettjones.com

Evana Yukanna (#87130N)
Email: yukanna@bennettjones.com

Telephone: (416) 863-1200

Lawyers for the Applicant,
Karora Resources Inc.

APPENDIX G
DESJARDINS FAIRNESS OPINION

See attached.

For personal use only

April 07, 2024

The Special Committee of the Board of Directors

KARORA RESOURCES INC.

141 Adelaide Street West, Suite 1608

Toronto, ON

M5H 3L5

Canada

Desjardins Securities Inc. (“**Desjardins**”) understands that the board of directors (the “**Board**”) of Karora Resources Inc. (“**Karora**”) has formed a special committee of independent directors (the “**Special Committee**”) to evaluate a transaction whereby Karora and 1474429 B.C. Ltd., an affiliate of Westgold Resources Limited (collectively, “**Westgold**”), would combine their businesses pursuant to a statutory plan of arrangement to be completed under the *Canada Business Corporations Act* (the “**Transaction**”), whereby the common shareholders of Karora (“**Karora Shareholders**”) would receive for each common share of Karora: (i) 2.524 common shares of Westgold; (ii) C\$0.61 in cash; and (iii) 0.3 of one share in 1000853883 Ontario Inc., a new company, to be spun out from Karora containing select non-operating assets of Karora (“**SpinCo**”) as consideration (collectively, the “**Consideration**”) such that, upon completion of the Transaction, Westgold shareholders would own approximately 50.1% of the combined company and Karora Shareholders would own 49.9%. The terms and conditions of the Transaction will be more fully described in an arrangement agreement to be entered into among Karora, Westgold and SpinCo on or about the date hereof (the “**Arrangement Agreement**”) and in an information circular (the “**Information Circular**”) to be mailed to Karora Shareholders in connection with the Transaction.

The Special Committee has retained Desjardins to act as an independent financial advisor, to assist in evaluating the Consideration and to prepare and deliver to the Special Committee an opinion (the “**Opinion**”) as to the fairness, from a financial point of view, of the Consideration to be received by Karora Shareholders pursuant to the Transaction.

ENGAGEMENT

Desjardins was initially contacted by Karora on April 2, 2024, and the Special Committee subsequently engaged Desjardins pursuant to an engagement agreement dated as of April 7, 2024 (the “**Engagement Agreement**”). The terms of the Engagement Agreement provide that Desjardins will be paid a fee for its services, all of which is payable for the preparation and delivery of the Opinion, and none of which is contingent upon the success of the Transaction, in addition to being reimbursed for its reasonable expenses. The fees payable to Desjardins are not contingent on the conclusions reached by Desjardins herein. Karora has also agreed to indemnify Desjardins from and against certain liabilities arising out of the performance of professional services rendered by Desjardins and its personnel under the Engagement Agreement.

Desjardins consents to the inclusion of the complete text of the Opinion and a summary thereof in a form acceptable to Desjardins, in the Information Circular, and to the filing thereof with the securities commissions or similar regulatory authorities in Canada.

Desjardins has not been engaged to prepare, and has not prepared, a formal valuation of Karora or Westgold pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special*

Transactions (“MI 61-101”), and the Opinion should not be construed as such. Desjardins has also not been engaged to review any legal, tax, technical, or accounting aspects of the Transaction. However, Desjardins has performed financial analysis which it considered to be appropriate and necessary in the circumstances to support the conclusions reached in the Opinion.

The Opinion has been prepared in accordance with the Investment Dealer and Partially Consolidated Rules of Canadian Investment Regulatory Organization (“*CIRO*”), but *CIRO* has not been involved in its preparation or review.

RELATIONSHIP WITH INTERESTED PARTIES

Neither Desjardins nor any of its affiliated entities (as such term is defined for the purposes of MI 61-101) is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Karora or Westgold, or any of their respective associates or affiliates (the “*Interested Parties*”).

Neither Desjardins nor any of its affiliated entities is an advisor to any Interested Party with respect to the Transaction other than to the Special Committee pursuant to the Engagement Agreement. Neither Desjardins nor any of its affiliated entities have provided any financial advisory services to any Interested Party within the past two years with respect to the Transaction other than to the Special Committee pursuant to the Engagement Agreement.

There are currently no understandings, agreements or commitments between Desjardins or any of its affiliated entities with any Interested Party with respect to any future business dealings. Desjardins acts as a financial advisor, principal and agent in major financial markets and may in the future hold positions in or provide advice to an Interested Party on transactions for which it received or may receive compensation. As an investment dealer, Desjardins conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to any Interested Party or the Transaction. In addition, Desjardins and its affiliates may, in the ordinary course of their business, provide other financial services to Karora, Westgold, or any of their associates or affiliates, including advisory, investment banking and capital market activities such as raising debt or equity capital. The rendering of this Opinion will not in any way affect Desjardins’ ability to continue to conduct such activities. It is possible that, in the normal course of business, certain employees of Desjardins currently own, or may have owned, securities of an Interested Party.

CREDENTIALS OF DESJARDINS

Desjardins is a wholly-owned subsidiary of the Desjardins Group, the largest financial cooperative group in Canada. The Desjardins Group comprises a network of caisses, credit unions and corporate financial centres across the country, and subsidiary companies in life and general insurance, securities brokerage, venture capital and asset management. Desjardins is a major participant in the Canadian securities business with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, and investment research. Desjardins’ senior professionals have prepared numerous valuation and fairness opinions and have participated in a vast number of transactions involving private and publicly traded companies across a wide range of industry sectors.

The Opinion expressed herein represents the opinion of Desjardins and the form and content herein have been approved for release by a committee of its professionals, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters. Prior to delivering the Opinion, Desjardins conducted extensive due diligence and a rigorous review of the subject matter hereof.

For personal use only

SCOPE OF REVIEW

In preparing the Opinion, Desjardins has reviewed and, where it was considered appropriate, relied upon, among other things, the following:

- (i) Non-binding proposals from the Purchaser dated March 13, 2024, March 22, 2024, March 24, 2024 and April 4, 2024, respectively;
- (ii) Annual audited consolidated financial statements of Karora for the fiscal years ended December 31, 2022 and 2023;
- (iii) Annual audited consolidated financial statements of Westgold for the fiscal years ended June 30, 2022 and 2023;
- (iv) Unaudited semi-annual financial statements of Westgold for the half years ended December 31, 2022 and 2023;
- (v) Financial model containing monthly financial projections of Karora through the period ending December 31, 2031, prepared by Karora management, updated as of April 3, 2024;
- (vi) Financial model containing quarterly projections of Westgold through the period ending June 30, 2033, prepared by Westgold management, updated as of April 3, 2024;
- (vii) A draft of the Arrangement Agreement dated April 5, 2024, including a draft plan of arrangement of Karora;
- (viii) Other publicly available information relating to Karora, Westgold and other selected public entities that Desjardins considered relevant, including trading statistics, published equity research, selected financial information and metrics on comparable acquisition transactions;
- (ix) Discussions with the Board and the Special Committee;
- (x) Discussions with Cormark Securities Inc., financial advisor to Karora;
- (xi) Discussions with Argonaut PCF, financial advisor to Westgold;
- (xii) Discussions with Bennett Jones LLP, legal advisor to Karora;
- (xiii) Discussions with various members of senior management of each of Karora and Westgold;
- (xiv) Representations from senior officers of Karora contained in a certificate dated as of the date hereof and delivered to Desjardins as to, among other things, the accuracy and completeness of the information upon which the Opinion is based (the “*Certificate*”); and
- (xv) Such other information, analyses and discussions (including discussions with third parties) as Desjardins considered necessary or appropriate in the circumstances.

Desjardins was granted full access by each of Karora and Westgold to their respective senior management, and, to the best of its knowledge, was not denied any information that might be material to the Opinion.

PRIOR VALUATIONS

Each of Karora and Westgold has represented to Desjardins that there have not been any prior valuations (as defined in MI 61-101) of Karora or Westgold, or their respective material assets or securities in the past two years which have not been provided to Desjardins.

ASSUMPTIONS AND LIMITATIONS

The Opinion is subject to the assumptions and limitations set forth below.

With the approval of the Special Committee and subject to our professional judgment, Desjardins has relied upon and assumed, and in accordance with the terms of the Engagement Agreement, has not independently verified, the accuracy, fair representation or completeness of any of the materials, information, representations, reports, opinions, data, advice or representations provided to it by Karora or Westgold, or their respective agents or advisors, whether publicly available or obtained from other sources (collectively, the “**Information**”) and the Opinion is conditional upon the accuracy and completeness of the Information.

Desjardins has assumed that forecasts, projections, estimates and budgets provided to it and used in its analyses were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgements of management of each of Karora and Westgold, having regard to each of Karora and Westgold’s business plans, financial condition and prospects, and in the opinion of each of Karora and Westgold, are (and were at the time of preparation and continue to be) reasonable in the circumstances. By rendering the Opinion, Desjardins expresses no view as to the reasonableness of such forecasts, projections, estimates and budgets or the assumptions on which they are based.

Senior officers of Karora have represented to Desjardins, in the Certificate that all Information was, as at the date such Information was provided to Desjardins, true and correct in all material respects, did not contain any untrue statement of a material fact and did not omit to state a material fact concerning Karora or the Transaction required to be stated or necessary to make a statement not misleading in light of the circumstances in which it was made. Westgold did not provide a certificate of its representations to Desjardins and as such Desjardins has assumed the foregoing in respect of the Information relating to Westgold upon which Desjardins relied.

In preparing the Opinion, Desjardins has made several assumptions, including that: (i) the Transaction will be consummated in accordance with the terms and conditions, and substantially within the time frames, outlined in the Arrangement Agreement without any waiver or amendment of any material term or condition thereof; (ii) any governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect; and (iii) the management information circular to be mailed to Karora Shareholders will disclose all material facts relating to the Transaction and will satisfy all legal requirements. In rendering the Opinion, Desjardins expresses no opinion as to the likelihood that the conditions to the Transaction will be satisfied or waived or that the Transaction will be implemented within the time frame outlined to Desjardins. As well, Desjardins assumed, without limitation, that each of Karora and Westgold will be in compliance at all times with their respective material contracts and has no material undisclosed liabilities (contingent or otherwise) not previously disclosed to Desjardins; and that no material tax or other liabilities will result from the Transaction or related transactions. Desjardins expresses no view as to, and the Opinion does not address, the relative merits of the Transaction as compared to any alternative opportunities which might exist for Karora, or Westgold, or the effect of any other transaction in which Karora or Westgold might engage.

Desjardins has not completed any physical or technical inspections or site visits of any of the assets of Karora or Westgold. Desjardins did not meet with the auditors or technical consultants of either Karora or Westgold and has assumed the accuracy and fair presentation of, and has relied upon, without independent verification, the audited consolidated financial statements of each of Karora and Westgold and the respective reports of the auditors thereon, as well as the relevant technical reports of Karora and Westgold, as presented.

The Opinion is based on the securities market, economic, general, business, and financial conditions prevailing as of the date of the Opinion and the conditions and prospects, financial and otherwise, of Karora and Westgold, as they were reflected in the Information reviewed by Desjardins. In Desjardins’ overall analysis, and in preparing the Opinion, Desjardins made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the

control of Karora or Westgold. While, in the opinion of Desjardins, the assumptions used in preparing the Opinion are appropriate in the circumstances, some or all of these assumptions may prove to be incorrect.

The Opinion has been provided for the exclusive use by the Special Committee in considering the Transaction, and, except as otherwise permitted by the Engagement Agreement, may not be used by, or quoted from, or disclosed to, any other person or relied upon by any other person, other than the Special Committee, without the express prior written consent of Desjardins. The Opinion does not constitute, and is not to be construed as, a recommendation as to how the Special Committee or any Karora Shareholder should vote or otherwise act with respect to any matters relating to the Transaction, or whether Karora should proceed with the Transaction or any related transaction.

The Opinion does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to Karora. In considering fairness from a financial point of view, Desjardins considered the Transaction from the perspective of the Karora Shareholders generally and did not consider the specific circumstances of any particular Karora Shareholder or any particular class of securities, creditors or other constituencies of Karora, including with regard to tax considerations.

The Opinion is given as of the date hereof and Desjardins disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to Desjardins' attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, or in the event Desjardins becomes aware of any material fact, matter, or change not disclosed to Desjardins prior to the date hereof or is otherwise not approved by Desjardins, Desjardins reserves the right to change, modify or withdraw the Opinion, but is not obligated to do so.

Desjardins believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This Opinion should be read in its entirety.

Desjardins did not assess any income tax consequences or undertake any tax analysis in respect of the Transaction or related transactions.

The Opinion does not constitute and should not be construed as a formal valuation of Karora, Westgold, SpinCo or any of their respective securities or assets, advice as to the prices at which the shares of Karora, Westgold, SpinCo or the combined entity will trade at any time, or a recommendation to any person as to whether to accept or support the Transaction or take any other action in respect of the Transaction.

FAIRNESS METHODOLOGY

Amongst a number of analyses considered by Desjardins in its approach to fairness, Desjardins principally considered and relied upon its independent derivation of the relative net asset values of each of Karora and Westgold, and also considered precedent transaction multiples, trading multiples of comparable companies, relative contribution analysis and trading history of each of Karora and Westgold. Desjardins relied on its professional experience in determining the relevance of each factor, approach and analysis in arriving at its overall fairness conclusion.

For personal use only

CONCLUSION

Based upon and subject to the foregoing, including other matters as Desjardins considered relevant, Desjardins is of the opinion that, as of the date hereof, the Consideration to be received by Karora Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Karora Shareholders.

Yours very truly,

Desjardins Securities Inc.

DESJARDINS SECURITIES INC.

For personal use only

APPENDIX H
HAYWOOD FAIRNESS OPINION

See attached.

For personal use only

HAYWOOD

April 7, 2024

The Board of Directors of Karora Resources Inc.

141 Adelaide Street West
Suite 1608 Toronto, ON,
Canada M5H 3L5

To the Board of Directors of Karora Resource Inc. (the “**Board**”):

Haywood Securities Inc. (“**Haywood Securities**”) understands that Karora Resources Inc. (the “**Corporation**” and which term shall, to the extent required or appropriate in the context, include the affiliates of the Corporation) has entered into an arrangement agreement (the “**Arrangement Agreement**”) with Westgold Resources Limited (“**Westgold**”), dated April 8, 2024 (Australia), pursuant to which Westgold has agreed to acquire all of the issued and outstanding common shares of the Corporation (the “**Shares**”). Under the Arrangement Agreement, holders of Shares (the “**Shareholders**”) will receive 2.524 ordinary shares of Westgold (“**Westgold Shares**”), C\$0.608 in cash, and 0.3 of a common share (“**Spinco Shares**”) in 1000853883 Ontario Inc. (“**Spinco**”), a newly incorporated subsidiary of the Corporation created to hold certain non-core assets and interests of the Corporation, including: (i) a 22.1% equity ownership interest in Kali Metals Limited; (ii) a 1% lithium royalty on certain claims held by Kali Metals Limited; (iii) approximately C\$5M in cash; and (iv) the right to consideration of up to US\$30M on future sale of the Dumont project by Waterton Global Resource Management, Inc., for each Share held (the “**Consideration**”). The proposed acquisition will be completed by way of a court-approved statutory plan of arrangement under the *Canada Business Corporations Act* (the “**Transaction**”).

The above description of the Transaction is summary in nature. The specific terms of, and conditions necessary to complete, the Transaction are set forth in the Arrangement Agreement and will be described in the management information circular of the Corporation (the “**Circular**”) to be mailed to the Shareholders in connection with the special meeting of the Shareholders to be held to consider and, if deemed advisable, to approve the Transaction. Haywood Securities understands that each director, senior officer, and insider of the Corporation, who, in the aggregate, control approximately 1.2% of the outstanding Shares, and certain other shareholders with a combined shareholding of approximately 9.0% of the outstanding Shares, have entered into voting support agreements, whereby they have agreed to vote their Shares in favour of the Transaction at the meeting of Shareholders to be held by the Corporation to approve the Transaction, or otherwise have indicated that they would support the Transaction.

Haywood Securities understands that the Corporation operates a portfolio of gold mining operations and development projects located in Western Australia, (collectively, the “**Karora Portfolio**”), including, but not limited to (i) the 100% owned and operated Beta Hunt mining complex; (ii) the 100% owned and operated Higginsville mining complex; (iii) the 1.6 Mtpa Higginsville mill; (iv) the 1.0 Mtpa Lakewood mill; (v) the right to consideration of up to US\$30M on future sale of the Dumont project by Waterton Global Resource Management, Inc.; (vi) a 22.1% equity ownership interest in Kali Metals Limited.; (vii) a

Head Office – Vancouver

Waterfront Centre
200 Burrard Street, Suite 700
Vancouver, BC V6C 3A6

Phone: (604) 697-7100
Facsimile: (604) 697-7499
Toll-Free: (800) 663-9499

Calgary

808 First Street SW
Suite 301
Calgary, AB T2P 1M9

Phone: (403) 509-1900
Facsimile: (403) 509-1999
Toll-Free: (877) 604-0044

Toronto

Brookfield Place, 181 Bay Street
Suite 2910, Box 808
Toronto, ON M5J 2T3

Phone: (416) 507-2300
Facsimile: (416) 507-2350
Toll-Free: (866) 615-2225

For personal use only

1% lithium royalty on certain claims held by Kali Metals Limited; and (viii) all remaining assets and claims associated with the Corporation's mining operations in Western Australia; which produced 160,492 oz in 2023 and targeting approximately 170,000-185,000 oz in 2024.

Haywood Securities understands that Westgold operates a portfolio of gold mining operations and development projects located in Western Australia, (collectively, the "**Westgold Portfolio**"), including, but not limited to (i) the Murchison mining and milling operations; (ii) the Fortnum processing hub; and (iii) Westgold Mining Services, a wholly owned subsidiary that provides underground mining services to Westgold's four underground mining operations in the Murchison region of Western Australia.

Engagement

The Corporation first contacted Haywood Securities in respect of the Transaction on March 15, 2024. Pursuant to a letter agreement dated April 7, 2024 (the "**Fairness Opinion Agreement**"), the Corporation and the Board retained Haywood Securities to prepare and render an opinion as to whether the Consideration to be received by the Shareholders under the Transaction is fair, from a financial point of view, to such Shareholders (this "**Fairness Opinion**"). Haywood Securities has not prepared a valuation of the Corporation, Westgold or any of their respective securities or assets and this Fairness Opinion should not be construed as such.

On April 7, 2024, the Corporation also retained Haywood Securities to act as non-exclusive financial advisor in connection with a potential business combination involving Westgold pursuant to the terms of an engagement agreement between the Corporation and Haywood Securities dated April 7, 2024 (the "**2024 Engagement Letter**").

Following review of the terms of the Transaction by Haywood Securities, Haywood Securities submitted an electronic copy of a presentation to the Board expressing its opinion as to whether the Consideration to be received by the Shareholders under the Transaction is fair, from a financial point of view, to such Shareholders. This Fairness Opinion confirms the views set out in the presentation by Haywood Securities provided to the Board on April 7, 2024 (the "**Effective Date**").

The terms of the Fairness Opinion Agreement provide that Haywood Securities is to be paid a fixed fee for the delivery of this Fairness Opinion. In addition, the Corporation has also agreed to reimburse Haywood Securities for its reasonable out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, in connection with the performance of its obligations under the Fairness Opinion Agreement, and indemnify Haywood Securities, its subsidiaries and affiliates, and their respective officers, directors, and employees, in certain circumstances.

In accordance with the 2024 Engagement Letter, Haywood Securities is entitled to receive certain fees for its advisory services, a substantial portion of which is contingent upon the completion of the Transaction or payable in the event the Corporation is entitled to a termination fee if the Transaction, or other business combination with Westgold, is not completed.

No portion of the fee payable by the Corporation to Haywood Securities pursuant to the Fairness Opinion Agreement is conditional upon the conclusions reached in this Fairness Opinion or the completion of the Transaction.

For personal use only

Independence of Haywood Securities

Haywood Securities is not an insider, associate, or affiliate of the Corporation (as those terms are defined in the *Securities Act* (Ontario)), Westgold or any of their respective associates or affiliates (collectively, the “**Interested Parties**”). Haywood Securities has not entered into any other agreements or arrangements with the Interested Parties with respect to any future dealings, other than as contemplated in the Fairness Opinion Agreement and Advisory Engagement Letters (as defined below).

Haywood Securities acts as a trader and investment dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Interested Parties and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. In the ordinary course of trading and brokerage activities, Haywood Securities, the associates and affiliates thereof and the officers, directors and employees of any of them at any time may hold long or short positions, may trade or otherwise effect transactions, for their own account, for managed accounts or for the accounts of customers, in debt or equity securities of the Corporation or Westgold, or related assets or derivative securities.

The Corporation acknowledges that certain members of Haywood Securities, are shareholders of the Corporation and/or Westgold. As an investment dealer, Haywood Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Corporation, Westgold or with respect to the Transaction. Haywood Securities, including members of the deal team delivering this Fairness Opinion, is of the view that the share ownership is immaterial and does not impact, in any way, its professional judgement to provide this Fairness Opinion. Haywood Securities has internal procedures to consider its independence and the quality of any fairness opinion, and as part of those internal procedures, share ownership is a key consideration.

With the exception of Haywood Securities’ (i) engagement as a financial advisor pursuant the 2024 Engagement Letter; (ii) engagement as a financial advisor to the Corporation in connection with certain potential merger, acquisition, or disposition transactions pursuant to an engagement agreement between the Corporation and Haywood Securities dated January 24, 2022 (the “**2022 Advisory Engagement Letter**”, and together with the 2024 Engagement Letter, the “**Advisory Engagement Letters**”); (iii) participation as co-lead underwriter and sole bookrunner, with a 42.5% economic position, in connection with a bought deal prospectus offering of common shares of the Corporation for gross proceeds of C\$69 million pursuant to an underwriting agreement dated May 30, 2022; and (iv) participation as financial advisor to the Corporation in connection with its C\$80 million credit agreement with Macquarie Bank Limited pursuant to an advisory agreement dated April 20, 2022, neither Haywood Securities nor any of its affiliated entities have provided any financial advisory services for which a fee has been paid or participated in any financings involving the Interested Parties within the two-year period preceding the date hereof. Haywood Securities may, in the ordinary course of business, provide financial advisory or investment banking services to an Interested Party in the future.

Credentials of Haywood Securities

Haywood Securities is one of Canada’s leading independent investment dealers with operations in corporate finance, equity sales and trading and investment research. Haywood Securities is a participating organization of the Toronto Stock Exchange and the TSX Venture Exchange and a member of the Canadian Investment Regulatory Organization (“**CIRO**”) and the Canadian Investor Protection Fund. The opinion expressed herein is the opinion of Haywood Securities, and the individuals primarily responsible for

For personal use only

preparing this Fairness Opinion are professionals of Haywood Securities experienced in merger, acquisition, divestiture and fairness opinion matters.

The Fairness Opinion represents the opinion of Haywood Securities, the form and content of which have been approved for release by a committee of senior Haywood Securities personnel who are collectively experienced in merger and acquisition, divestiture, restructuring, valuation, fairness opinion and capital markets matters.

Scope of Review

In connection with rendering this Fairness Opinion, we have reviewed and relied upon, among other things, the following:

- (a) drafts of the Arrangement Agreement and the executed Arrangement Agreement dated April 8, 2024 (Australia);
- (b) the non-binding letter of intent between the Corporation and Westgold concerning the Transaction, dated March 24, 2024;
- (c) the Final Proposal Overview – Key Terms document provided by Westgold concerning the Transaction terms, dated April 5, 2024;
- (d) the unaudited condensed interim consolidated financial statements of the Corporation for the interim periods ended September 30, 2023, June 30, 2023, March 31, 2023, and September 30, 2022, together with management’s discussion and analysis of financial condition and operating results for such financial periods;
- (e) the unaudited consolidated quarterly, and half year as applicable, reports of Westgold for the interim periods ended December 31, 2023, September 30, 2023, March 31, 2023, and December 31, 2022, together with management’s discussion and analysis of financial condition and operating results for such financial periods;
- (f) the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2023 and December 31, 2022, together with management’s discussion and analysis of financial condition and operating results for such financial periods;
- (g) the audited consolidated annual report of Westgold for the financial years ended June 30, 2023 and June 30, 2022 together with management’s discussion and analysis of financial condition and operating results, and annual reports, for such financial periods;
- (h) public information relating to the business, financial condition and trading history of the Corporation and Westgold, and other select public companies we considered relevant;
- (i) the NI 43-101 technical report titled *NI 43-101 Technical Report, Beta Hunt Operation, Eastern Goldfields, Western Australia* prepared by Stephen Devlin, Chief Geological Officer for the Corporation, Peter Ganza, Chief Operating Officer – Australia, and Graham de la Mare, Principal Resource Geologist for the Corporation, and dated September 30, 2023;

For personal use only

- (j) the NI 43-101 technical report titled *NI 43-101 Technical Report, Higginsville – Lakewood Operation, Eastern Goldfields, Western Australia* prepared by Stephen Devlin, Chief Geological Officer for the Corporation, Peter Ganza, Chief Operating Officer – Australia for the Corporation, Ian Glacken, geologist and geostatistician at Snowden Optiro, and dated September 30, 2023;
- (k) the due diligence review report titled *Independent Technical Engineers Report of the Mineral Assets of Westgold Resources* prepared by CSA Global Mining Industry Consultants, and dated September 20, 2023;
- (l) the management information circular of the Corporation dated May 19, 2023;
- (m) the annual information form of the Corporation dated April 1, 2024;
- (n) corporate presentations for the Corporation and Westgold;
- (o) certain historical financial information and operating data concerning the Corporation and Westgold;
- (p) historical market prices and valuation multiples for the Shares and Westgold Shares and compared such prices and multiples with those of certain publicly traded companies that we deemed relevant for the purposes of our analysis;
- (q) valuation multiples for the Spinco Shares compared to multiples with those of certain publicly traded companies that we deemed relevant for the purpose of our analysis;
- (r) the financial results of the Corporation and Westgold and compared with publicly available financial data concerning certain publicly traded companies that we deemed to be relevant for the purposes of our analysis;
- (s) publicly available financial data for merger and acquisition transactions that we deemed comparable for the purposes of our analysis;
- (t) certain industry and analyst reports and statistics that we deemed relevant for the purposes of our analysis;
- (u) certain other internal information, including but not limited to financial models for each of the Corporation and Westgold, including the Karora Portfolio and the Westgold Portfolio, prepared for and by the Corporation;
- (v) certain other internal information, prepared for and by the Corporation;
- (w) a certificate addressed to us, dated the Effective Date, from two senior officers of the Corporation, as to the completeness and accuracy of the Information (as defined below); and
- (x) considered such other financial, market, technical and industry information, and conducted such other investigations, analyses and discussions (including discussions with senior

management of the Corporation) as we considered relevant and appropriate in the circumstances.

Haywood Securities has not, to the best of its knowledge, been denied access by the Corporation to any information under its control requested by Haywood Securities.

Haywood Securities did not complete a detailed technical due diligence review, and has relied upon management of the Corporation for all technical due diligence matters, without independent verification. No physical due diligence of any of the assets of the Corporation was undertaken by Haywood Securities.

Haywood Securities expresses no opinion as to the results of any future production results or estimates, financial results or estimates, resource estimates, economic studies or other third-party analyses with respect to the Karora Portfolio and Westgold Portfolio that may be released prior to or following completion of the Transaction, or the market reaction to such results. The technical due diligence investigations conducted by Haywood Securities were limited in scope and relied heavily on the experience of management of the Corporation.

Haywood Securities did not meet with the auditors of the Corporation and has assumed the accuracy and fair presentation of, and relied upon, the audited consolidated financial statements of the Corporation and the reports of the auditor thereon.

Assumptions and Limitations

With the approval and agreement of the Board and as provided for in the Fairness Opinion Agreement, and subject to the exercise of our professional judgement, we have relied upon and assumed, the completeness, accuracy and fair presentation of all financial information, business plans, financial analyses, models, forecasts and other information, data, advice, opinions and representations (collectively referred to as the “**Information**”) obtained by us from public sources, or provided to us by the Corporation or Westgold, their respective subsidiaries, directors, officers, associates, affiliates, consultants, advisors and representatives relating to the Corporation, Westgold, their respective subsidiaries, associates and affiliates, and to the Transaction. This Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. We have not been requested to or, subject to the exercise of professional judgment, attempted to verify independently the completeness, accuracy or fair presentation of any such Information and assume no responsibility or liability in connection therewith. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Corporation or Westgold under any provincial or federal laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or the facilities of the Corporation or Westgold. We express no opinion as to the results of any future mineral resource estimate, economic assessment, or production or financial results or estimates that may be released prior to or following completion of the Transaction or the market reaction to the results of any such mineral resource estimate, economic assessment, or production or financial results. The technical due diligence conducted by Haywood Securities was limited in scope and relied heavily on the experience of management of the Corporation.

The Corporation has represented to us, in a certificate of two senior officers of the Corporation dated April 7, 2024, among other things, that the Information provided to us by or on behalf of the Corporation, including the written information and discussions concerning the Corporation referred to above under the heading “**Scope of Review and Approach to Analysis**”, was complete and correct at the date the Information was provided to us and that, since the dates on which the Information was provided to us, and

For personal use only

except as publicly disclosed or as disclosed in writing to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Corporation or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on this Fairness Opinion.

With respect to any financial analyses, forecasts, projections, estimates, models, and/or budgets provided to Haywood Securities and used in its analyses, Haywood Securities notes that projecting future results of any company is inherently subject to uncertainty. Haywood Securities has assumed, however, that such financial analyses, forecasts, projections, estimates and/or budgets were prepared using the assumptions identified therein and that such assumptions reflect the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Corporation or Westgold, as applicable. We express no view as to such financial analyses, forecasts, projections, estimates and/or budgets or the assumptions on which they were based.

In preparing this Fairness Opinion, we have made several assumptions, including that all of the representations and warranties contained in the Arrangement Agreement are correct as of the date hereof, all of the conditions required to complete the Transaction will be met, the Transaction will be completed substantially in accordance with the terms of the Arrangement Agreement and all applicable laws and that the disclosure provided by the Corporation in respect of the Transaction will be accurate in all material respects.

We have relied as to all legal matters relevant to rendering our opinion upon the advice of our own counsel. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Corporation or Westgold or on the contemplated benefits of the Transaction.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Transaction or the sufficiency of this Fairness Opinion for your purposes.

This Fairness Opinion is rendered as at the date hereof and on the basis of securities markets, economic and general business and financial conditions prevailing and the Information as at the date hereof and the conditions and prospects, financial and otherwise, of the Corporation and Westgold as they are reflected in the Information provided by the Corporation, the management of Westgold, and as they were represented to us in our discussions with the management of the Corporation and certain of their respective consultants, advisors and representatives. It should be understood that subsequent developments may affect this Fairness Opinion and that we do not have any obligation to update, revise, or reaffirm this Fairness Opinion. We are expressing no opinion herein as to the price at which the Shares, Spinco Shares or Westgold Shares will trade at any future time. In our analyses and in connection with the preparation of this Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Haywood Securities and any party involved in the Transaction.

We have not been asked to prepare and have not prepared a valuation of the Corporation or Westgold or any of the securities or assets thereof and this Fairness Opinion should not be construed as a “formal valuation” (within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*), nor have we been furnished with any such valuations or appraisals in respect of the Corporation or Westgold.

For personal use only

This Fairness Opinion is provided for the use of the Board only and may not be disclosed, referred or communicated to, or relied upon by, any third party without our prior written approval. Haywood Securities consents to the inclusion of this Fairness Opinion in the Circular. Haywood Securities disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Haywood Securities after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Haywood Securities reserves the right to change, modify or withdraw the Fairness Opinion.

Haywood Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This Fairness Opinion has been prepared in accordance with the disclosure standards for formal valuations and fairness opinions of CIRO but CIRO has not been involved in the preparation or review of this Fairness Opinion.

In connection with rendering its Fairness Opinion, Haywood Securities did not assess any income tax consequences that any particular Shareholder may face in connection with the Transaction.

Financial Considerations

In the context of this Fairness Opinion, we have performed certain financial analyses on (i) the Corporation on a stand-alone basis, and (ii) the pro forma positioning of the Shareholders upon completion of the Transaction. We used methodologies and assumptions that we considered appropriate in the circumstances for the purposes of providing this Fairness Opinion.

In our analysis, Haywood Securities has considered, relied upon or carried out, among other things, the following:

- i. a net asset value analysis of the Corporation and Westgold on the basis of management financial models and equity research analyst consensus estimates;
- ii. recent performance and historical trading of the Shares and Westgold Shares, including trading liquidity;
- iii. recent performance and historical trading of the Shares and Westgold Shares relative to their peers and relevant commodities in the context of the Transaction;
- iv. an analysis of previously completed comparable transactions of producing companies within the gold mining sector with added focus on merger of equals type transactions, in the context of implied valuations and the considerations being paid to the Shareholders (“**Precedent Transactions Analysis**”). Financial data for the selected precedent transactions was derived from publicly available documents. Haywood Securities applied a range of selected ratios to the corresponding implied offer price pursuant to the Arrangement Agreement to develop an implied value range and assess the Consideration being paid by Westgold. Additionally, as part of the Precedent Transactions Analysis,

For personal use only

Haywood Securities identified a range of precedent transaction premiums for comparison to the Consideration;

- v. a comparable publicly trading company analysis, whereby Haywood Securities reviewed public market trading statistics and trading ratios of select comparable gold production companies. Estimated financial data for the selected comparable companies was based on publicly available equity research analysts' estimates and public disclosure by the selected comparable companies. Haywood Securities applied a range of selected ratios to the corresponding implied offer price pursuant to the Arrangement Agreement to develop an implied value range and assess the Consideration to be received by the Shareholders;
- vi. an analysis of the per Share accretion or dilution to the Shareholders upon completion of the Transaction, on certain relevant metrics;
- vii. an analysis of the Corporation as a standalone entity and its "go-it-alone" prospects; and
- viii. such other information, investigations and analysis as Haywood Securities, in the exercise of its professional judgement, considered necessary or appropriate in the circumstances.

In our assessment, we considered other qualitative and quantitative factors in addition to the techniques described above and we did not attribute any particular weight to any specific approach or analysis, but rather developed qualitative judgments on the basis of our experience in rendering such opinions and on the Information presented as a whole.

Fairness Considerations

In considering the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Transaction, Haywood Securities considered, among other things, the following quantitative and qualitative factors:

- a) the Consideration paid by Westgold to the Corporation is above precedent premiums paid for comparable companies;
- b) the Transaction multiples are above or in-line with precedent transaction and peer comparable multiples;
- c) the Transaction is accretive to Shareholders on nearly all relevant metrics;
- d) the Consideration is above the per Share trading price of 100% of the Corporation's trading volume over the last 12 months;
- e) the fact that the Transaction provides Shareholders with tangible exposure to non-core assets through Spinco, which are otherwise buried in the Corporation's stock price, and tangible partial cash consideration;
- f) the Shareholders retain exposure to the Karora Portfolio and add exposure to the Westgold Portfolio, resulting in material expansion of operations focused in Western Australia; and

- g) increased capital markets profile, liquidity profile, investor universe, and decreased cost of capital.

Fairness Conclusion

Based on and subject to the foregoing and such other factors as Haywood Securities considered relevant, Haywood Securities is of the opinion that, as of the Effective Date, the Consideration to be received by the Shareholders under the Transaction is fair, from a financial point of view, to such Shareholders.

Yours truly,

A handwritten signature in cursive script that reads "Haywood Securities Inc".

HAYWOOD SECURITIES INC.

For personal use only

APPENDIX I
CORMARK FAIRNESS OPINION

See attached.

For personal use only

April 7, 2024

Board of Directors
Karora Resources Inc.
141 Adelaide Street West, Suite 1608
Toronto, Ontario, Canada
M5H 3L5

To the Board of Directors of Karora Resources Inc.:

Cormark Securities Inc. (“Cormark”) understands that Karora Resources Inc. (the “Company”) proposes to enter into an arrangement agreement on April 8, 2024 with Westgold Resources Limited (“Westgold”), 1474429 B.C. Ltd., a direct wholly-owned subsidiary of Westgold, and 1000853883 Ontario Inc. (“Spinco”), a direct wholly-owned subsidiary of the Company, pursuant to which, among other things, Westgold will agree to indirectly acquire all of the issued and outstanding common shares of the Company (each, a “Share”) by way of a plan of arrangement under section 192 of the *Canada Business Corporations Act* (the “Arrangement”).

Under the terms of the Arrangement, at closing, holders of the Shares (each, a “Shareholder”) will be entitled to receive, for each Share, consideration (collectively, the “Consideration”) consisting of (a) 2.524 common shares of Westgold (each whole common share of Westgold, a “Westgold Share”), (b) C\$0.608 in cash, and (c) 0.3 of a common share of Spinco (each whole common share of Spinco, a “Spinco Share”). The terms and conditions of the Arrangement will be fully described in a management information circular (the “Circular”) to be mailed to Shareholders in connection with the Arrangement.

This Fairness Opinion (as defined below) has been prepared in accordance with the Disclosure Standards for formal valuations and fairness opinions of the Canadian Investment Regulatory Organization but the Canadian Investment Regulatory Organization has not been involved in the preparation or review of this Fairness Opinion.

Engagement of Cormark

The Company initially contacted Cormark regarding a potential advisory assignment in March 2024. Cormark was engaged by the Company pursuant to letter agreements dated April 2, 2024 and April 6, 2024 (collectively, the “Engagement Agreement”) to act as financial advisor to the Company in connection with the Arrangement. Pursuant to the Engagement Agreement, the Company and the board of directors of the Company (the “Board of Directors”) have requested that Cormark prepare and deliver to Board of Directors an opinion as to the fairness, from a financial point of view, of the Consideration to be received by Shareholders pursuant to the Arrangement (the “Fairness Opinion”).

The Engagement Agreement provides that Cormark will be paid a fixed fee upon oral delivery of the Fairness Opinion (the “Fairness Opinion Fee”) and will be paid an additional fee that is contingent on completion of the Arrangement. The Fairness Opinion Fee is not contingent in whole or in part on the success or completion of the Arrangement or on the conclusions reached in the Fairness Opinion. Cormark is also to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company, in certain circumstances, against certain expenses, losses, claims, actions, damages and liabilities which may be incurred in connection with the provision of its services pursuant to the Engagement Agreement. The fees paid to Cormark pursuant to the Engagement Agreement are not financially material

TORONTO

Royal Bank Plaza North Tower
200 Bay Street, Suite 1800
Toronto, Ontario M5J 2J2

Phone: +1 (416) 362-7485
Fax: +1 (416) 943-6499
Toll Free: +1 (800) 461-2275

CALGARY

Eighth Avenue Place
525 – 8th Ave S.W., Suite 1850
Calgary, Alberta T2P 3C4

Phone: +1 (403) 266-4240
Fax: +1 (403) 266-4250
Toll Free: +1 (800) 461-9491

For personal use only

to Cormark.

Credentials of Cormark

Cormark is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions and corporations. Cormark has participated in a significant number of transactions involving public and private companies, maintains a particular expertise advising companies in the global mining sector and has extensive experience in preparing fairness opinions.

The Fairness Opinion represents the opinion of Cormark and its form and content have been approved for release by a committee of senior investment banking professionals of Cormark, each of whom is experienced in merger, acquisition, divestiture, valuation, fairness opinion and other capital markets matters.

Relationship with Interested Parties

Neither Cormark nor any of its affiliates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario) (the “Act”)) of the Company, Westgold or any of their respective associates or affiliates (collectively, the “Interested Parties”).

Neither Cormark nor any of its affiliates has participated in financings or provided any financial advisory services to any of the Interested Parties within the past 24 months, other than pursuant to the Engagement Agreement and acting as co-lead underwriter in connection with the Company’s bought deal prospectus equity offering on June 14, 2022 for gross proceeds to the Company of C\$69 million.

There are currently no agreements, understandings or commitments involving Cormark and the Interested Parties with respect to any future business dealings other than as described herein or in connection with the Arrangement. Cormark may in the future, in the ordinary course of business, seek to perform financial advisory or investment banking services from time to time for one or more of the Interested Parties.

Cormark acts as a trader and dealer, both as principal and agent, in the financial markets in Canada and elsewhere and, as such, it and its affiliates may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Cormark conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties or with respect to the Arrangement.

Scope of Review

In preparing the Fairness Opinion, Cormark has reviewed, considered and relied upon, without independent verification, among other things, the following:

- (a) a draft of the Arrangement Agreement dated April 6, 2024 and a draft of the supporting schedules thereto including the plan of arrangement;
- (b) a settled form of voting and support agreement dated April 5, 2024 to be entered into by each of the directors and officers of the Company;
- (c) three written proposals submitted by Westgold to the Company;
- (d) certain public information relating to the business, operations, financial condition and equity trading history of the Company, Westgold and other selected public issuers considered by Cormark to be relevant;

For personal use only

- For personal use only
- (e) certain internal financial, operational, corporate and other information prepared or provided by or on behalf of management of the Company and Westgold relating to the business operations and financial condition of the Company and Westgold, respectively;
 - (f) certain internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Company and Westgold;
 - (g) discussions with management of the Company relating to the current business, plan, financial conditions and prospects of the Company and Westgold;
 - (h) public information in respect of select precedent transactions considered by Cormark to be relevant;
 - (i) investment research reports published by equity research analysts and industry sources regarding the Company, Westgold and other public issuers to the extent considered by Cormark to be relevant;
 - (j) various site visits to the Company's Australian operations in 2023 and 2024 by representatives of Cormark;
 - (k) a certificate of representation as to the completeness and accuracy of certain information upon which the Fairness Opinion is based, addressed to Cormark and dated as of the date hereof, provided by senior officers of the Company; and
 - (l) such other economic, financial market, industry and corporate information, investigations and analyses as Cormark considered necessary or appropriate in the circumstances.

Cormark has not, to the best of its knowledge, been denied access by the Company to any information requested by us. Cormark did not meet with the auditors of the Company and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the consolidated financial statements of the Company and the reports of the auditors thereon.

Prior Valuations

The Company has represented to Cormark that there have not been any prior valuations (as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”)) or existing externally prepared third party appraisals or valuations in the possession, control or knowledge of the Company relating to the Company (or, to the knowledge of the Company, Westgold) or the Arrangement prepared within the 24-month period preceding the date of the Fairness Opinion.

Assumptions and Limitations

With the Company's consent and acknowledgement as provided for in the Engagement Agreement, Cormark has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations obtained by it from public sources or provided to it by or on behalf of, or at the request of, the Company or Westgold and their respective directors, officers, agents and advisors or otherwise and Cormark has assumed that such information did not omit to state any material fact or any fact necessary to be stated to make such information not misleading. The Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of such information and assumes there are no undisclosed material facts, no new material facts arising since the date of such information or other undisclosed material changes with respect to the Company. Subject to the exercise of professional judgment and except as expressly described herein, Cormark has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of the foregoing. Except as otherwise described herein, Cormark has not conducted any physical inspection of the properties or facilities of the Company or Westgold or any other person in connection with the Arrangement.

With respect to any financial and operating forecasts, projections, financial models, estimates and/or budgets provided to Cormark and used in the analyses supporting the Fairness Opinion, Cormark has noted that projecting future results

of any business is inherently subject to uncertainty. Cormark has assumed that such forecasts, projections, financial models, estimates and/or budgets were reasonably prepared consistent with industry and past practices on a basis reflecting the best currently available assumptions, estimates and judgments of management of the Company or Westgold, as applicable, as to the future financial performance of the Company or Westgold, as applicable, and are (or were at the time and continue to be) reasonable in the circumstances. In rendering the Fairness Opinion, Cormark expresses no view as to the reasonableness of such forecasts, projections, financial models, estimates and/or budgets or the assumptions on which they are based.

The Chief Executive Officer and Chief Financial Officer of the Company have made certain representations to Cormark with the intention that Cormark may rely thereon in connection with the preparation of the Fairness Opinion, including, among other things, that:

- (a) all information (including the financial models, technical information, business plans, forecasts and other information), data, advice, opinions and representations provided to Cormark, directly or indirectly, orally or in writing by the Company, Westgold or any of their associates, affiliates, agents, advisors, consultants or representatives in connection with Cormark's provision of services under the Engagement Agreement, including, in particular, for the purpose of preparing the Fairness Opinion (collectively, the "Information"), is at the date hereof, or in the case of historical Information, was at the date of preparation, complete, true and correct in all material respects as it relates to the Company, Westgold or the Arrangement, as applicable, and does not and did not contain any untrue statement of a material fact (as such term is defined in the Act) in respect of the Company, Westgold or their respective subsidiaries or the Arrangement and does not and did not omit to state a material fact in respect of the Company, Westgold or their subsidiaries or the Arrangement necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided to Cormark, provided that the foregoing representation as it relates to Westgold and its subsidiaries was qualified by the knowledge of the Company after due inquiry;
- (b) with respect to any portions of the Information that constitute budgets, strategic plans, financial forecasts, projections, models or estimates, such portions of the Information: (i) were reasonably prepared and reflected the best currently available estimates and judgments; (ii) were prepared using the assumptions identified therein or otherwise disclosed to Cormark that are (or were at the time of preparation) reasonable in the circumstances; (iii) are not misleading in any material respect in light of the assumptions used and with reference to the circumstances in which such budgets, strategic plans, financial forecasts, projections, models and/or estimates were provided or in light of any developments since the time of their preparation which have been disclosed to Cormark; and (iv) represent the actual views of management of the Company of the financial prospects and forecasted performance of the Company (and, as applicable, Westgold) and the Arrangement;
- (c) since the dates on which the Information was provided to Cormark, there has been no material change (as such term is defined in the Act), financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or its subsidiaries (and, to the knowledge of the Company after due inquiry, Westgold or its subsidiaries) and there is no new material fact which is of a nature as to render any portion of the Information or any part thereof untrue or misleading in any material respect or which would have or which would reasonably be expected to have a material effect on the Fairness Opinion;
- (d) since the dates on which the Information was provided to Cormark, except as has been disclosed to Cormark, management of the Company is not aware of any circumstances or developments that could reasonably be expected to have a material effect on the assets, liabilities, financial condition, prospects or affairs of the Company or Westgold, or any of their respective subsidiaries, associates or affiliates; and
- (e) in the opinion of management of the Company, the corporate financial model of Westgold prepared by management of Westgold and the assumptions underlying such model are reasonable in the circumstances in which they were made and are not, in the belief of management of the Company, misleading in any material respect in light of such assumptions.

In preparing the Fairness Opinion, Cormark has made a number of assumptions, including, without limitation, that the Arrangement will be consummated in accordance with the terms and conditions of the Arrangement Agreement

reviewed by it and substantially within the time frames specified therein without any waiver or amendment of any material term or condition thereof, that the Arrangement was negotiated at arm's length and that the Arrangement is not a related party transaction (as such term is defined in MI 61-101), that any governmental, regulatory or other consents and approvals necessary for the consummation of the Arrangement will be obtained without any adverse effect, that the disclosure provided or incorporated by reference in the Circular to be filed on SEDAR+ and mailed to Shareholders in connection with the Arrangement and any other documents in connection with the Arrangement prepared by a party to the Arrangement Agreement will be accurate in all material respects and will comply with the requirements of all applicable laws, that all of the conditions required to implement the Arrangement will be satisfied, that the procedures being followed to implement the Arrangement are valid and effective, and that the Circular will be distributed to Shareholders in accordance with applicable laws.

The Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as of the date hereof. It must be recognized that fair market value, and hence fairness from a financial point of view, changes from time to time, not only as a result of internal factors, but also because of external factors such as changes in the economy, commodity prices, environmental laws and regulations, markets for minerals, competition and changes in consumer/investor preferences. In its analyses and in preparing the Fairness Opinion, Cormark has made numerous assumptions with respect to expected industry performance, general business and economic conditions and other matters, many of which are beyond the control of Cormark or any party involved in the Arrangement.

The Fairness Opinion has been provided for the exclusive use of the Board of Directors and may not be used or relied upon by any other person for any other purpose. The Fairness Opinion should not be construed as a recommendation to the Board of Directors to approve the Arrangement or to Shareholders to vote in favour of the Arrangement. Except for the inclusion of the Fairness Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the Fairness Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. Cormark will not be held liable for any losses sustained by any person should the Fairness Opinion be circulated, distributed, published, reproduced or used contrary to the provisions of this paragraph.

Cormark understands that the formal valuation requirement under MI 61-101 does not apply in respect of the Arrangement. Cormark has not been asked to prepare and has not prepared a formal valuation of the Company or Westgold or any of their respective securities or assets pursuant to MI 61-101 or otherwise, and the Fairness Opinion should not be construed as such. Cormark was similarly not engaged to review any legal, tax or accounting aspects of the Arrangement. Cormark has relied upon, without independent verification or investigation, the assessment by the Company and its legal, tax, regulatory and accounting advisors with respect to legal, tax, regulatory and accounting matters. In addition, the Fairness Opinion does not address the relative merits of the Arrangement as compared to any other transaction involving the Company or the prospects or likelihood of any alternative transaction or any other possible transaction involving the Company, its securities or its assets. The Fairness Opinion is limited to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders in connection with the Arrangement and not the strategic or legal merits of the Arrangement. In considering fairness, from a financial point of view, Cormark considered the Arrangement from the perspective of Shareholders generally and did not consider the specific circumstances of any particular Shareholder, including with regard to tax considerations. The Fairness Opinion does not provide assurance that the best possible price or transaction was obtained. Nothing contained herein is to be construed as a legal interpretation, an opinion on any contract or document, or a recommendation to invest or divest. In addition, the Fairness Opinion is not, and should not be construed as, advice as to the price at which the Shares, Westgold Shares or Spinco Shares may trade, nor the value of the Company, Westgold or Spinco, at any future date.

The Fairness Opinion is rendered as of the date hereof and Cormark disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to Cormark's attention after the date hereof. Without limiting the foregoing, in the event that there is any change in any fact or matter affecting the Fairness Opinion after the date hereof, Cormark reserves the right to change, modify or withdraw the Fairness Opinion.

For personal use only

Fairness Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Yours very truly,

Cormark Securities Inc.

CORMARK SECURITIES INC.

For personal use only

APPENDIX J

DISSENT PROVISIONS OF THE CBCA

- 190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to
- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
 - (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
 - (c) amalgamate otherwise than under section 184;
 - (d) be continued under section 188;
 - (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
 - (f) carry out a going-private transaction or a squeeze-out transaction.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.
- (3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.
- (4) A Dissenting Holder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the Dissenting Holder.
- (5) A Dissenting Holder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.
- (6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.
- (7) A Dissenting Holder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing
- (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder dissents; and
 - (c) a demand for payment of the fair value of such shares.

- (8) A Dissenting Holder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.
- (9) A Dissenting Holder who fails to comply with subsection (8) has no right to make a claim under this section.
- (10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a Dissenting Holder under this section and shall forthwith return the share certificates to the Dissenting Holder.
- (11) On sending a notice under subsection (7), a Dissenting Holder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where
- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
 - (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
 - (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),
- in which case the shareholder's rights are reinstated as of the date the notice was sent.
- (12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each Dissenting Holder who has sent such notice
- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
 - (b) if subsection (26) applies, a notification that it is unable lawfully to pay Dissenting Holders for their shares.
- (13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.
- (14) Subject to subsection (26), a corporation shall pay for the shares of a Dissenting Holder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.
- (15) Where a corporation fails to make an offer under subsection (12), or if a Dissenting Holder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any Dissenting Holder.
- (16) If a corporation fails to apply to a court under subsection (15), a Dissenting Holder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.
- (17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the Dissenting Holder resides if the corporation carries on business in that province.

- (18) A Dissenting Holder is not required to give security for costs in an application made under subsection (15) or (16).
- (19) On an application to a court under subsection (15) or (16),
- (a) all Dissenting Holders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
 - (b) the corporation shall notify each affected Dissenting Holder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.
- (20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a Dissenting Holder who should be joined as a party, and the court shall then fix a fair value for the shares of all Dissenting Holders.
- (21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the Dissenting Holders.
- (22) The final order of a court shall be rendered against the corporation in favour of each Dissenting Holder and for the amount of the shares as fixed by the court.
- (23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Holder from the date the action approved by the resolution is effective until the date of payment.
- (24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each Dissenting Holder that it is unable lawfully to pay Dissenting Holders for their shares.
- (25) If subsection (26) applies, a Dissenting Holder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may
- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
 - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- (26) A corporation shall not make a payment to a Dissenting Holder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX K

COMPARISON OF RELEVANT LAWS

In this Appendix K, unless there is something in the subject matter or context inconsistent therewith, capitalized terms have the meanings ascribed to those terms in the glossary of terms found at Appendix A to the Circular.

Introduction

Westgold is a public company registered under Australian law. It is admitted to the official list of ASX.

Karora exists and is regulated under the federal laws of Canada. The Karora Shares are listed on the TSX. As Karora is a reporting issuer in certain provinces of Canada, it is subject to Canadian securities laws, and due to its listing on the TSX, is also subject to the rules of the TSX.

If the Arrangement is implemented, the rights of Karora Shareholders who receive Westgold Shares will, in respect of those shares, be governed by the Westgold Constitution, Australian law and in certain respects, the ASX Listing Rules.

A comparison of some of the material provisions of Australian company law and Canadian corporate law as they relate to Westgold and Karora, respectively, is set out below, along with a description of certain securities laws and stock exchange rules where applicable.

References to "Australian law" where they appear in this Appendix K are references to the Corporations Act, the ASX Listing Rules, the operating rules of ASX Settlement Pty Limited (the "**ASX Settlement Operating Rules**") and Australian common law, as applicable. References to "Canadian law" are references to the CBCA, Canadian corporate and securities laws and Canadian common law, as applicable. References to "TSX Rules" are references to the market rules of the TSX, primarily embodied in the TSX Company Manual. The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Karora Shareholders should consult with their own legal adviser if they require further information.

Company Meetings of Shareholders

Calling Company Meetings

Westgold

Under the Corporations Act, the annual general meeting of Westgold is required to be held within five months after the end of its financial year.

A general meeting of Westgold Shareholders may be called from time to time by the Westgold Board, individual directors or by Westgold Shareholders in the circumstances set out below. When requested to do so by Westgold Shareholders holding at least 5% of the votes that may be cast at the meeting, directors must call a general meeting within 21 days after the request is given to Westgold, and the meeting must be held not later than two months after the date upon which that request is first given.

Alternatively, Westgold Shareholders holding at least 5% of the votes that may be cast at the meeting may themselves call, and arrange to hold, a general meeting.

Karora

Under the CBCA, a corporation must hold an annual meeting of shareholders not later than eighteen months after the corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the corporation's preceding financial year. The CBCA provides that the Karora Board may call a special meeting of Karora Shareholders at any time. The CBCA further provides that

the holders of not less than 5% of the issued Karora Shares that carry the right to vote at a meeting may requisition the directors to call a meeting of Karora Shareholders for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

Notice of Company Meetings

Westgold

As Westgold Shares are quoted on ASX, notice of a general meeting of Westgold must be given at least 28 days before the date of the proposed meeting. Westgold is required to give notice only to Westgold Shareholders entitled to vote at the meeting, as well as its directors and auditors. The quorum for a general meeting under the Westgold Constitution is, if the number of members entitled to vote is two or more – two of those members, or if only one member is entitled to vote – that member.

Karora

The CBCA and Karora's by-laws require that notice of a meeting of Karora Shareholders must be provided not less than 21 days and not more than 60 days before the meeting to each shareholder entitled to vote at the meeting. Management proxy circulars, in the required form, are required to be provided under applicable Canadian securities law, for any solicitation of proxies by management.

Karora's by-laws provide that the quorum for the transaction of business at a meeting of shareholders is two persons who hold, or who represent by proxy one or more shareholders who hold, in the aggregate, at least 10% of the issued and outstanding shares entitled to be voted at the meeting.

Voting Requirements

Westgold

Unless the Corporations Act or the Westgold Constitution requires a special resolution, resolutions are passed by a simple majority of votes cast on the resolution. Under the Corporations Act, a special resolution may only be passed by Westgold Shareholders if Westgold gives to all Westgold Shareholders not less than 28 days' notice of its proposal to convene a general meeting to consider and vote upon that special resolution, specifying the intention to propose the special resolution and stating the terms of that special resolution. A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote, who attend at the meeting, in person or by proxy.

The Corporations Act requires certain matters to be resolved by a company by special resolution, including:

- the change of name of the company;
- any proposed amendment to the constitution of the company;
- a selective reduction of capital or selective share buy-back;
- where required, shareholder approval to the giving by the company of financial assistance in connection with an acquisition of shares in the company or a holding company of the company;
- the conversion of the company from one type or form to another; and
- a decision to wind up the company voluntarily.

The Westgold Constitution also stipulates certain matters to be resolved by special resolution, including the variation of class rights attaching to Westgold Shares.

Each Westgold Share (subject to any specific terms of issue) confers a right to vote at all general meetings. On a show of hands, each Westgold Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Westgold Shareholders present in person or by their proxy, attorney or body corporate representative will have one vote for every Westgold Share held at the record date for the meeting. A proxy's

For personal use only

appointment must be signed and sent to Westgold or its share registry so as to be received at least 48 hours before the time and date for the convening of the meeting.

Karora

Under the CBCA, certain extraordinary corporate actions, such as amalgamations, continuances, reorganizations and other extraordinary corporate actions such as liquidations (voluntary winding-ups) and arrangements, require approval of the shareholders by special resolution. Under the CBCA, a resolution passed by a two-thirds majority at a special meeting for which proper notice has been provided constitutes a special resolution. Unless the CBCA or Karora's by-laws require a special resolution, ordinary resolutions of Karora Shareholders are passed by a simple majority of votes cast on the resolution.

The CBCA provides that, unless a company's articles provide otherwise, each share of a company entitles the holder to one vote at a meeting of shareholders. With respect to proxies, Karora's by-laws provide that, subject to the CBCA, the Karora Board may fix a deadline by which proxies to be used at a meeting of shareholders or any adjournment of it must be deposited with Karora or an agent of Karora. No proxy delivered after that deadline will be acted upon, unless that deadline is waived by the chair of the meeting at his or her discretion.

Shareholders' Rights to Bring a Resolution Before a Company Meeting

Westgold

See "*Calling Company Meetings*" above.

Karora

A shareholder proposal (a "**Proposal**") is a document setting out a matter that the submitter wishes to have considered at the next annual general meeting of Karora. Under the CBCA, Proposals may be submitted by both registered and beneficial Karora Shareholders who are entitled to vote at an annual meeting of shareholders.

Directors

Directors' Management of the Business of the Company

Westgold

Pursuant to the Westgold Constitution, the business of Westgold is to be managed by Westgold's directors. Those directors may exercise all the powers of Westgold, except any powers that the Corporations Act, the ASX Listing Rules or the Westgold Constitution preserve for the exercise of Westgold in general meetings.

Karora

According to the CBCA, the directors of Karora shall, subject to any unanimous shareholder agreement, manage or supervise the management of the business and affairs of Karora.

Number and Election of Directors

Westgold

Under the Westgold Constitution, Westgold must have no less than three, nor more than nine directors. Under the Corporations Act, at least two directors must ordinarily reside in Australia. At each annual general meeting, one-third of directors (rounded down, if necessary, to the nearest whole number) must retire from office, provided always that no director shall hold office past the third consecutive annual general meeting following the director's appointment or three years without submitting himself or herself for re-election. The director or directors to retire are those who have been longest in office since their election and, as between those who became directors on the same day, as determined

by lot unless they otherwise agree. A retiring director is eligible for re-election. The managing director is exempt from retirement by rotation. The Westgold Board has the power to appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors does not at any time exceed nine. Any director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation (if any) at that meeting.

Karora

The CBCA requires distributing corporations (such as Karora) to have a board of directors comprised of not fewer than three individuals, and further, that at least two of whom are not officers or employees of the corporation or an affiliate. Under the CBCA, at least 25% of the directors of a corporation must be resident Canadians.

Amendments to Constatng Documents

Westgold

Any amendment to the Westgold Constitution must be approved by a special resolution passed by Westgold Shareholders present and voting on the resolution.

Karora

Pursuant to the CBCA, any amendment of Karora's articles will require approval by a special resolution of the Karora Shareholders. The directors of Karora are authorized to make, amend or repeal by-laws of Karora. Such action by the director is effective immediately once such directors' resolution is passed, but directors must submit their action to the Karora Shareholders at the next meeting of the shareholders. The Karora Shareholders, by ordinary resolution passed by a simple majority of the votes cast, may confirm, reject or amend the directors' action.

Issue of New Shares

Westgold

Subject to specified exceptions (for example, pro rata issues), ASX Listing Rule 7.1 applies to restrict Westgold from issuing, or agreeing to issue, more ordinary shares (or securities convertible or exercisable into ordinary shares) than the number calculated as follows in any 12-month period unless Westgold has shareholder approval – namely not in excess of 15% of the total of:

- the number of fully paid ordinary shares on issue 12 months before the date of the issue or agreement; plus
- the number of fully paid ordinary shares issued in the 12 months under a specified exception; plus
- the number of partly paid ordinary shares that became fully paid in the 12 months; plus
- the number of fully paid ordinary shares issued in the 12 months with shareholder approval; less
- the number of fully paid ordinary shares cancelled in the 12 months; and
- the number of fully paid ordinary shares issued or agreed to be issued in the 12 months before the date of issue or agreement to issue, but not under a specified exception or with shareholder approval.

In addition, under ASX Listing Rule 7.1A, at each annual general meeting of Westgold and subject to Westgold remaining an eligible entity under the ASX Listing Rules, it is possible for the company to obtain shareholder approval – that will remain valid until 12 months from the date the shareholder approval is obtained – to issue an additional 10% of the company's shares (such number of shares being as determined in accordance with ASX Listing Rule 7.1), without seeking further shareholder approval at the time of issue.

Subject to certain exceptions, ASX Listing Rules 10.11 and 10.14 require the prior approval of Westgold Shareholders by ordinary resolution in order for Westgold to issue shares or options to directors. Under the Westgold Constitution, Westgold's directors may issue shares or other securities on terms determined by the directors at such times and on

such conditions as they think fit, subject to the Corporations Act, the ASX Listing Rules, and any special rights previously conferred on the holders of any existing Westgold Shares or other class of shares.

Karora

The CBCA permits shares only in registered form and without par value. According to Karora's articles, Karora is authorized to issue an unlimited number of Karora Shares and an unlimited number of special shares, issuable in series. Karora Shares may be issued for such consideration as the directors of Karora may determine. Shares, such as Karora Shares, issued by a company governed by the CBCA are non-assessable and may only be issued if consideration for such shares is fully paid. As a TSX listed company, issuances of securities by Karora are subject to the policies of the TSX. The TSX may impose conditions on a transaction or grant exemptions from its own requirements. The TSX will consider various factors, including the involvement of insiders in the transaction, whether the transaction materially affects control of the issuer, and whether a court or administrative body has considered the interests of Karora Shareholders.

Protection of Minority Shareholders/Oppression Remedy

Westgold

Under the Corporations Act, any Westgold Shareholder can bring an action in cases of conduct which is contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former Westgold Shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.

A statutory derivative action may also be instituted by a Westgold Shareholder, former Westgold Shareholder or person entitled to be registered as a Westgold Shareholder. In all cases, leave of the court to commence that action is required.

Karora

Under the CBCA, a shareholder of a company and any other person whom the court considers an appropriate person to make an application, and in the case of a distributing corporation (such as Karora), the Ontario Securities Commission, may apply to court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates: (a) any act or omission of a corporation or its affiliates effects or threatens to effect a result; (b) the business or affairs of a corporation or its affiliates are or have been or are threatened to be carried on or conducted in a manner; or (c) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer.

The CBCA provides that shareholders entitled to vote on certain matters may exercise dissent rights and demand payment for the fair value of their shares (as of the last business day before the day the resolution on which the shareholder dissent was adopted), provided that they comply strictly with the requirements in the CBCA. Dissent rights exist when there is a vote upon matters such as:

- an amendment to Karora's articles to alter restrictions on the issue, transfer or ownership of shares of a class or series or to alter restrictions on the business or businesses that Karora may carry on;
- amalgamation with another corporation pursuant to an amalgamation agreement;
- a continuance into another jurisdiction or under the *Bank Act*, the *Canada Cooperatives Act*, the *Cooperative Credit Associations Act*, the *Insurance Companies Act* or the *Trust and Loan Companies Act*;
- a sale, lease or other disposition of all or substantially all the property of Karora other than in the ordinary course of business; and
- carrying out a going-private transaction or a squeeze-out transaction.

There is no right of dissent in respect of an amalgamation between Karora and a holding corporation or a wholly owned subsidiary.

Take-over Requirements

Westgold

Australian law places restrictions on a person acquiring interests in the voting shares of a public company such as Westgold where, as a result of the acquisition, that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% (the "**20% Rule**"). Generally, such acquisitions cannot be made unless:

- the person does not acquire more than 3% of the voting shares in the company in the six-month period before the acquisition;
- the acquisition is made with shareholder approval; or
- the acquisition is made under a take-over bid made in accordance with Australian law.

There are numerous other exemptions from the application of the 20% Rule. Take-over bids must treat all shareholders, as far as is possible, equally and must not involve the provision of any collateral benefits to particular target company shareholders which are not extended to all shareholders. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of take-over offers.

Similar to the early warning measures outlined for Karora below, a shareholder is required to give a "substantial holder notice" to the target company and the ASX upon acquiring a 5% shareholding.

Karora

Under applicable Canadian securities legislation, a "take-over bid" occurs when there is an offer to acquire outstanding voting or equity securities made to any person in any province or territory where the securities subject to the offer, together with the securities owned or controlled by the offeror and its affiliates and associates, constitute 20% or more of the outstanding securities.

Unless an exemption is available, a take-over bid must be made to all holders of each class of voting or equity securities being purchased, and the same price per security – that is, identical consideration – must be offered to each holder of securities. These provisions require, among other things, the production, filing and mailing of a take-over bid circular to shareholders of the target company. Take-over bids must treat all securityholders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Except under certain circumstances, take-over bids must remain open for a minimum of 105 days from the date of the mailing of the take-over bid circular, after which time all securities deposited under the offer may be taken up.

For the protection of target securityholders, the take-over bid rules contain various additional requirements, such as restrictions applicable to conditional offers and the withdrawal, amendment or suspension of offers. Securities regulators also retain a general public interest jurisdiction to regulate take-overs and may intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to take-over bids.

There are extensive disclosure requirements associated with take-over bids, beginning with 'early warning' disclosure required when an acquirer crosses the 10% ownership threshold. Generally, further disclosure is required for additional purchases or dispositions of 2% or more of the outstanding security for which such early warning disclosure is required. Purchases outside the bid, before, during, and after the bid, are also restricted.

Following a bid, second step transactions where the acquirer brings its percentage ownership to 100% are governed by the CBCA. No shareholder approval of the acquisition would be required if the acquirer obtained 90% of the outstanding securities owned by minority securityholders during the bid. Otherwise, a meeting must be called and associated regulations complied with for an acquisition, including obtaining a two-thirds majority approval. The

acquirer is generally permitted to vote the shares acquired pursuant to the bid at such meeting. Dissent rights are available for objecting shareholders who fulfil certain procedural requirements.

Canadian securities laws allow certain exemptions to the formal bid requirements, on specified conditions. For example, private agreements to purchase securities from up to five persons are permitted if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period if there is a published market for the relevant class and the consideration paid does not exceed the market price at the date of acquisition.

Take-over Defence Mechanisms

Westgold

Under Australian take-overs legislation and policy, boards of target companies may adopt various defensive mechanisms to discourage or defeat a take-over bid, so long as such mechanisms are in the best interests of the shareholders of the target company. The Corporations Act empowers the Panel to make a declaration of unacceptable circumstances in relation to the affairs of a company in the context of take-overs (as well as other control transactions). A finding of unacceptable circumstances by the Panel can result in the prohibition, termination of progress or unwinding of the take-over bid.

Karora

The Canadian Securities Administrators (the "CSA") has recognized that take-over bids play an important role in the economy by acting as a discipline on corporate management and as a means of reallocating economic resources to their best uses. In considering the merits of a take-over bid, there is a possibility that the interests of management of the target company will differ from those of its shareholders. The CSA considers the primary objective of the take-over bid provisions of Canadian securities legislation to be the protection of the *bona fide* interests of the shareholders of the target company. Because certain defensive measures taken by management of a target company may have the effect of denying shareholders the ability to make a fully informed decision and frustrating an open take-over bid process, the CSA will therefore examine target company defensive tactics in specific cases to determine whether they are abusive of shareholder rights.

Without limiting the foregoing, defensive tactics that may come under scrutiny if undertaken during the course of a bid, or immediately before a bid (if the board of directors has reason to believe that a bid might be imminent) include:

- the issuance of, or granting of an option on or the purchase of, securities representing a significant percentage of the outstanding securities of the target company;
- the sale or acquisition, or granting of an option on, or agreeing to sell or acquire assets of a material amount; and
- the entering into a contract or taking corporate action other than in the normal course of business.

Shareholder approval of corporate action may be a factor in the decision as to whether the tactics are appropriate.

Notwithstanding the above, defensive tactics may be taken by a board of directors of a target company in a genuine attempt to obtain a better bid; however, tactics that are likely to deny or limit severely the ability of the shareholders to respond to a take-over bid or a competing bid may result in action by the CSA.

For personal use only

APPENDIX L

INFORMATION CONCERNING WESTGOLD

NOTICE TO READER

The following information provided by Westgold is presented on a pre-Arrangement basis (except where otherwise indicated) and reflects the current business, financial and share capital position of Westgold. This information has been provided by Westgold and is the sole responsibility of Westgold. Karora does not assume any responsibility for the accuracy or completeness of such information. See "Part 21 – Information Concerning the Corporation" of the Circular for business, financial and share capital information relating to Karora.

INTRODUCTION

This Appendix L is a summary of Westgold, its business, assets and operations, which should be read together with the audited financial statements for Westgold contained at Exhibit B to this Appendix L, and the auditor's report thereon. Unless otherwise indicated, the information contained in this Appendix L is given as at the Record Date.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Westgold presents its financial statements in Australian dollars and discloses certain financial information in this Appendix L in Australian dollars and Canadian dollars. In this Appendix L, references to "A\$" or "AUD\$" are to Australian dollars and references to "CAD\$" or "C\$" are to Canadian dollars. Certain totals, subtotals and percentages throughout this Appendix L may not reconcile due to rounding.

The following table sets forth, for each period indicated, the low and high exchange rates for Australian dollars expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the daily average exchange rate as reported by the Bank of Canada for the conversion of Australian dollars into Canadian dollars.

	Year ended June 30, 2023,		
	2023	2022	2021
	(C\$)	(C\$)	(C\$)
Low	0.8633	0.8861	0.9263
High	0.9490	0.9474	0.9978
Period End	0.8814	0.8892	0.9295
Average	0.9016	0.9182	0.9572

On June 17, 2024, the exchange rate for Australian dollars expressed in Canadian dollars (as reported by the Bank of Canada) was A\$1.00 = C\$0.9073.

GLOSSARY

Unless the context indicates otherwise, capitalized terms which are used in this Appendix L have the meaning ascribed below. All other capitalized terms used herein and not otherwise defined in this Appendix L have the meanings given to such terms set forth in the glossary of terms found Appendix A to this Circular.

"AC" means aircore.

"Bluebird Mill" means Westgold's 1.8Mtpa conventional CIL processing plant in the Meekatharra region.

"CIL" means carbon in leach.

"Cue Operations" means Westgold's Cue Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Cue Operations*".

"DD" means diamond drilling.

"DEMIRS" means the Western Australian Department of Energy, Mines, Industry Regulation and Safety.

"ESG" means environmental, social and governance.

"Facility Agreement" means the facility agreement between Westgold and the National Bank of Australia Limited as agent and security trustee for ING Bank (Australia) Limited and Société Generale, Sydney Branch, dated November 21, 2023.

"FIFO" means fly-in / fly-out.

"Fortnum Mill" means Westgold's 0.9Mtpa conventional CIL processing plant in the Fortnum region.

"Fortnum Operations" means Westgold's Fortnum Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Fortnum Operations*".

"FY" means financial year.

"JORC Code" means the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

"Last Practicable Date" means June 17, 2024.

"LHOS" means long-hole open stoping.

"Meekatharra Operations" means Westgold's Meekatharra Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Meekatharra Operations*".

"Mining Act" means *Mining Act* 1978 (WA).

"Mtpa" means million tonnes per annum.

"MW" means megawatts.

"QA/QC Procedures" means quality assurance and quality control procedures.

"RAB" means rotary air blast.

"RC" means reverse circulation.

"SABC" means semi-autogenous ball mill crusher.

"SG" means specific gravity.

"SLC" means sub-level caving.

"Tuckabianna Mill" means Westgold's 0.4Mtpa conventional CIL processing plant in the Tuckabianna region.

"Westgold Group" means Westgold and its subsidiaries.

"Westgold Performance Rights" means a right to subscribe for one Westgold Share, subject to the satisfaction (or waiver) of the applicable vesting conditions.

"Westgold Plan" means the employee incentive plan approved by Westgold Shareholders on November 25, 2022.

"Westgold Projects" means Westgold's Cue Operations, Meekatharra Operations and Fortnum Operations.

CORPORATE STRUCTURE OF WESTGOLD

Name, Address and Incorporation

Westgold Resources Limited (previously called Jenwood Resources N.L, Poverty Gold N.L, Gold and Resource Holdings N.L, Westgold Resources N.L and Westgold Resources Pty Ltd) was incorporated under the Corporations Act on July 27, 1987. Westgold's registered office and principal place of business is located at Level 6, 200 St Georges Terrace Perth, Western Australia 6000.

On December 2, 2016, Westgold commenced trading on the ASX under the symbol "WGX."

Intercorporate Relationships

Set out below in Figure 1 is the corporate structure of Westgold as at the date of this Circular. Westgold controls 100% of the voting capital of all of the entities presented in the organizational chart set forth in Figure 1 below.



Figure 1: Westgold Corporate Structure

Aragon Resources Pty Ltd, Big Bell Gold Operations Pty Ltd and Westgold Mining Services Pty Ltd were incorporated in Australia. Any Karora Shares that are acquired by Westgold pursuant to the Arrangement will be acquired by AcquireCo (1474429 B.C. Ltd.), being a wholly owned subsidiary of Westgold incorporated in British Columbia, Canada.

For personal use only

DESCRIPTION OF THE BUSINESS

Summary

Westgold is a mid-tier gold producer with a large and strategic land package situated in the highly gold prospective Murchison and Bryah regions of Western Australia. Westgold's purpose is to create intergenerational wealth for its shareholders, staff and stakeholders by leveraging its gold assets. With over 1,300 staff and contractors, Westgold is a dominant gold miner in the Australian Mid-West. After listing on the ASX in December 2016, Westgold has consolidated over 1,300km² of mining titles across three key business units. These units encompass the Fortnum operations located in the Bryah region to the north, and the Meekatharra and Cue operations located in the Murchison region. Westgold's operations are supported by its wholly owned mining equipment, fleet and services units.

During FY23, Westgold consolidated its operations into four underground mines and three processing plants with combined processing capacity of approximately 4 million tonnes per annum ("Mtpa").

Westgold's underground mines are comprised of the:

- Big Bell and Fender underground mines and Great Fingall development project, which form part of Westgold's Cue Gold Operations ("**Cue Operations**");
- Bluebird and Paddy's Flat underground mines, which form part of Westgold's Meekatharra Gold Operations ("**Meekatharra Operations**"); and
- Starlight underground mine, which forms part of Westgold's Fortnum Gold Operations ("**Fortnum Operations**").

Westgold is the owner and operator of its underground mines. This internal capability provides a level of operational flexibility and competitive advantage which has enabled the Westgold business to deliver against operational targets more consistently. A 'hub and spoke' style operating model in the Murchison region provides optionality to process ore from Westgold's mines at either of its two processing hubs near Cue and Meekatharra. In contrast, the Fortnum Operations are centred upon the Fortnum processing hub.

Westgold's corporate strategy is to grow and extend its largest underground mines, increase its operational productivity and focus on profitable gold production. Westgold's principal product is gold bullion. Gold is used for production and fabrication in multiple sectors including jewellery and electronics and as a medium of currency exchange and investment. Westgold's primary revenues are derived from the production and sale of gold bullion.

Westgold's revenues, profitability and viability depend on the market price of gold produced from its mines. The market price of gold is set in the world market and is affected by numerous factors beyond the control of Westgold, including: the demand for gold; expectations with respect to the rate of inflation; interest rates; currency exchange rates; the demand for jewellery and industrial products containing precious and base metals; gold production; inventories; costs; change in global or regional investment or consumption patterns; sales by central banks and other holders; speculators and producers of gold and other metals in response to any of the above factors; and global and regional political and economic factors. Refer to the Section titled "*Risk Factors*" in this Appendix L for further information of the risk factors impacting Westgold's business.

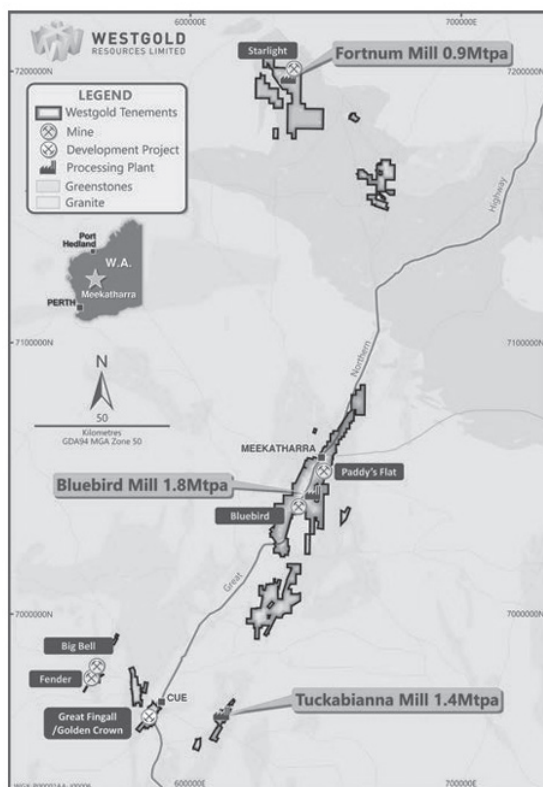


Figure 2: Location of Westgold's operations

The Westgold Shares are listed and posted for trading on the ASX under the symbol "WGX" and on the OTCQX Best Market under the symbol "WGXRF". Westgold has applied for its Westgold Shares to be listed on the TSX. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX.

Components, Production and Distribution

Westgold's current business is broken into three operational areas, being the Cue Operations the Meekatharra Operations and the Fortnum Operations.

Cue Operations

Westgold currently operates two underground gold mines as part of its Cue Operations. These include the large Big Bell sub-level caving operation and the nearby smaller scale Fender long hole open stoping operation. In addition to the operating mines, Westgold is currently developing a new long hole open stoping mine at Big Bell, below the sub-level cave, as well as a new long hole open stoping mine at Great Fingall. Westgold is the owner-operator of all of the Cue Operations.

The Tuckabianna Mill services the Cue Operations and has been operated by Westgold since 2018. The mill comprises a 1.4 Mtpa conventional CIL processing plant consisting of an open circuit jaw crusher followed by closed circuit secondary crushers, a fine ore bin, ball mill, gravity separation circuit, three leach tanks and six carbon adsorption tanks.

The Tuckabianna Mill is primarily fed by the Big Bell underground mine and supplemented with oxide and primary stockpiles (ore from the Fender mine is hauled north to the Bluebird Mill). Gold recoveries depend on the ore sources and range from 82.2% to 90.2% with an average of 87.0%.

During FY24, Westgold transitioned the Tuckabianna Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 6.1MW Solar array with a 2.5MW battery storage system.

The Cue Operations have a paddock style tailings storage facility with currently 12 months of storage capacity. This facility has an already permitted future lift providing a further 12 months of capacity and Westgold is currently permitting a new in-pit tailings storage facility located at Tuckabianna West. This facility is estimated to provide approximately 4.5 years of storage capacity based on current processing rates.

The Tuckabianna Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Meekatharra Operations

Westgold currently operates a single underground mine at the Meekatharra Operations, being the Bluebird long hole open stoping operation. Until recently, Westgold also operated the nearby Paddy's Flat operation, but this mine was put on care and maintenance in early 2024 with activities there currently focusing on exploration drilling. Westgold is the owner-operator of all of the Meekatharra Operations.

The Bluebird Mill services the Meekatharra Operations and has been operated by Westgold since 2015. The mill comprises a 1.8 Mtpa SABC conventional CIL processing plant and consists of an open circuit jaw crusher followed by a primary screen and secondary crusher, coarse ore stockpiles, grinding circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Bluebird Mill is primarily fed by the proximal Bluebird underground mine combined with primary ore hauled from the Fender mine at the Cue Operations some 140km to the south and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 82.9% to 92.7% (with the lower recoveries related to periods when Paddy's Flat ores were processed).

For personal use only

During FY24, Westgold transitioned the Bluebird Mill from being diesel powered to hybrid powered after commissioning a 10.7MW gas fired power station and 13.0MW Solar array with a 5MW battery storage system.

The Meekatharra Operations have a number of approved storage sites for the disposal of tailings with the Bluebird East in-pit tailings storage facility currently in use. Westgold is in the process of permitting the adjoining Great Northern Highway Pit which will provide a further 15 years of storage capacity.

The Bluebird Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Fortnum Gold Operations

Westgold currently operates a single underground mine at the Fortnum Operations, being the Starlight long hole open stoping operation. Westgold is the owner-operator of all of the Fortnum Operations.

The Fortnum Mill services the Fortnum Operations and has been operated by Westgold since 2017. The mill comprises a 0.9 Mtpa conventional CIL processing plant and consists of an open circuit jaw crusher followed by a SABC comminution circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Fortnum Mill is fed by the proximal Starlight underground mine and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 92.8% to 97.0% with an average recovery of 95.2%.

During FY24, Westgold transitioned the Fortnum Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 5.5MW Solar array with a 2.2MW battery storage system.

The Fortnum Operations have a paddock-style tailings storage facility, with currently 15 months of remaining storage. Permitting and design is underway for approval to discharge into the nearby historic Nathan's Open Pit which will provide 4.5 years tailings storage capacity.

The Fortnum Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Specialized Skill and Knowledge

All aspects of Westgold's business require specialized skills and knowledge. Such skills and knowledge include the areas of finance, geology, drilling, mining, construction, engineering, metallurgy, accounting and natural resources. Westgold retains executive officers and consultants with experience in these areas in Australia and has access to technical personnel that provide Westgold with skills and knowledge required to conduct its business operations.

Competitive Conditions

The gold mineral exploration and mining business is a competitive business. Westgold competes with other companies and individuals in the consideration of acquisitions, development and advancement of attractive gold assets, and in retaining qualified personnel, suitable contractors for drilling and bulk sampling operations, technical and engineering resources and, to the extent necessary, exploration and mining equipment.

Cycles

Westgold's business may be considered cyclical to a limited extent, due to fluctuations in global inflation, interest rates and exchange rates which can drive commodity prices. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Refer to the Section titled "*Risk Factors*" in this Appendix L for further information of the risk factors impacting the Westgold business.

For personal use only

Economic Dependence and Changes to Contracts

Westgold owns and operates its underground mines, providing greater control and operating flexibility across Westgold's assets. Westgold is a party to various contracts, including contracts for the supply of various inputs required for its mining operations. No single customer or supplier contract is material to Westgold's business and individual buyers and sellers generally are unable to influence prices of gold bullion, as a result Westgold is not dependent upon the sale of gold to any one customer.

In connection with the Westgold Projects, Westgold has and will continue to contract with third parties to achieve its stated objectives and advance the Westgold Projects. These contracts will carry ordinary risks (such as, a counterparty defaulting in their performance of obligations under the relevant contract), in which case, it may be necessary for Westgold to approach a court to seek a legal remedy, which can be costly and may cause delays to the Westgold's operations or the Westgold Projects. Some contracts may be subject to renewal and may be terminated with notice at any time. It is not expected that Westgold's business will be affected in the current financial year by the renegotiation, amendment or termination of any contracts. Refer to the Section titled "*Risk Factors*" in this Appendix L for further information of the risk factors impacting Westgold's business.

Environmental Protection

Westgold's activities, future development and production will be subject to environmental laws and regulations in the jurisdictions in which it operates. Refer to the Section titled "*Risk Factors*" in this Appendix L for further information of the risk factors impacting Westgold's business.

While exploration activities have a limited impact on the environment, mining operations inherently have a larger environmental impact. Westgold aims to minimize this impact and to consistently exceed environmental standards across all of the Westgold Projects. This is achieved through effective engagement with stakeholders, including local communities, traditional owners, government agencies, and regulatory bodies.

Westgold's operations are currently based in Western Australia, which has established environmental standards and regulations. Westgold's environmental performance is overseen at the Westgold Board level and environmental performance is the responsibility of Westgold. The Westgold Sustainability Committee advises the Westgold Board on Environmental, Social and Governance ("**ESG**") risks and opportunities and manages Westgold's impact through policies and practices. The Westgold Sustainability Committee is led by Managing Director, Mr. Wayne Bramwell, and is supported by various committee members. The Westgold Sustainability Committee performs its responsibilities in line with the Westgold Sustainability Committee Charter which outlines its responsibilities across Westgold's five strategic sustainability priorities, being safety and health, environment and heritage, community and social responsibility, climate change and compliance and governance. A copy of the Westgold Sustainability Committee Charter is available on Westgold's website at <https://www.westgold.com.au/>.

In common with other natural resources and mineral processing companies, Westgold's operations generate various waste streams, including hazardous and non-hazardous waste, effluent, emissions into the atmosphere and contaminated soils. These elements are managed in compliance with local and international regulations and standards. A framework of federal and state environmental laws govern Westgold's operations, exploration activities, and development projects. These laws address matters such as protection of the natural environment, air and water quality, emissions standards, and proper waste disposal.

Environmental stewardship is a core priority for Westgold. Westgold is dedicated to preserving the environment for future generations, while providing for safe, responsible and profitable operations. This balanced approach allows Westgold to develop natural resources for the benefit of its employees, stakeholders and communities. Westgold intends to maintain its high standards of environmental performance and has adopted appropriate measures to ensure this commitment is upheld.

Cognizant of its responsibility to the environment, Westgold strives to comply with all applicable environmental laws and regulations and to promote respect for the environment in conducting its activities. Employees are expected to maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.

Specifically, employees are expected to support Westgold's efforts to develop, implement and maintain procedures and programs designed to protect and preserve the environment.

Environmental and Social Policies

Westgold is committed to conducting its activities in an environmentally and socially responsible manner. Westgold understands that to maintain its social licence to operate, it has an obligation to maintain environmental compliance and to strive to meet the expectations of the local community and stakeholders. Westgold has adopted an Environmental and Community Policy, the purpose of which is to:

- provide a framework for environmental management that identifies the environment and community risks that exist within its operations and that facilitates the review, evaluation and improvement of environmental performance;
- provide controls, checks and measures to ensure compliance with all applicable legal and statutory requirements, including operational and closure obligations;
- ensure regular and consistent engagement with all stakeholders whose functions or interests may be affected by Westgold's decisions or activities, to understand their expectations and to work towards agreed environmental outcomes;
- establish measurable key performance indicators and targets and to ensure environmental performance is reported in an accurate, transparent and timely manner; and
- provide instruction, training and resources to Westgold's personnel to establish and reinforce the behaviours that support positive environmental and community outcomes.

A copy of Westgold's Environmental and Community Policy is available on Westgold's website at <https://www.westgold.com.au/>.

Westgold prioritizes occupational health and safety for all employees, contractors, and consultants, fostering a safe and secure work environment. Westgold is committed to sustainable practices and recognizes the importance of operating in strict compliance with all applicable regulations.

Westgold incorporates a rehabilitation provision into its financial statements. This provision reflects the estimated cost to rehabilitate and restore areas disturbed by mining activities, excluding areas already completed. This provision is regularly recalculated and updated to account for changes in the economic and regulatory climate. An independent third party is engaged to assist with recalculation and update of Westgold's rehabilitation provision, where required.

Westgold has commenced the development and implementation of an ESG framework to support its growth ambitions, systems development and continual improvement strategies. As part of this ESG framework, Westgold launched its Clean Energy Transition Project. All of Westgold's processing plants and underground mines are operating with power supplied from Westgold's four new hybrid power facilities at Tuckabianna, Big Bell, Fortnum and Bluebird. The combined capacity of the gas fuelled power stations, solar farms and battery storage systems is 82MW. With the closure of six diesel power stations, Westgold has already reduced CO₂-equivalent carbon emissions by over 16,000 tonnes and saved over 14 million litres of diesel.

Westgold recognizes and respects the rights and dignity of all people in its business and across its value chain. Westgold's Human Rights Policy sets out Westgold's position on identifying human rights risks. Westgold aims to prevent and address the risk of adverse human rights impacts through its policies and procedures which ultimately guide its decision-making and behaviour. A copy of Westgold's Human Rights Policy is available on Westgold's website at <https://www.westgold.com.au/>.

Westgold plays an active role in supporting local communities by identifying opportunities for economic, social and environmental value creation. Westgold's efforts are centred on engagement, investment and employment activities

that drive mutual benefits. Westgold provides opportunities for community members to improve livelihoods through bespoke initiatives that create new pathways for employment. In FY23, Westgold established an Expression of Interest Register to allow Westgold to engage with local job seekers outside of its standard Human Resources processes. This allows Westgold to be more inclusive of its recruitment decisions by overlaying additional considerations that allow applicants to successfully secure employment with Westgold.

Employees

As at June 30, 2023, Westgold had 918 employees.

Westgold continuously evaluates the expertise and skills required to execute its business strategy and seeks to attract and retain employees that are aligned with delivering on Westgold's goals.

Westgold's success is dependent on the performance of its management team and key individuals, many of whom have specialized skills in the exploration and operation of large-scale gold assets. Westgold's key site personnel have been involved in the gold industry for several years and are knowledgeable as to the geology, engineering, construction, environment, mining, metallurgy and infrastructure related to mining development.

Westgold's personnel are equipped with the skills necessary to perform its operations and continuously assess its workforce capabilities with its business strategy for its operations as it evolves.

Foreign Operations

All of Westgold's operations are conducted in Australia, and are exposed to various levels of political, economic and other risks and uncertainties that are different than operating in a Canadian jurisdiction. Refer to the Section titled "*Risk Factors*" in this Appendix L for further information of the risk factors impacting Westgold's business.

Bankruptcy or Similar Procedures

Westgold confirms that neither it, nor any of its subsidiaries, are currently subject to any bankruptcy, receivership or similar proceedings or have been subject to any bankruptcy, receivership or similar proceedings in the three years prior to the date of this Circular.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-year History

FY21 Developments

- Along with other gold producers, Westgold was impacted by the COVID-19 pandemic which caused disruptions and delays to its operations. While Westgold's gold production was below expectations, Westgold produced 245,411 ounces from its Fortnum Operations, Meekatharra Operations and Cue Operations. FY21 marked Westgold's first million ounces of production from the Central Murchison region, which was a key milestone for Westgold.
- Westgold's operating results reflected a solid improvement over the previous years with revenue increasing by 16% year-on-year to A\$571 million, total cost of sales decreasing by 2% to \$455 million, net profit after tax growing by 122% to A\$76.7 million and at financial year end, a closing cash and cash equivalents balance of A\$150.6 million leaving Westgold in a solid trading position.
- Westgold completed the final divestment of all non-core assets external to the Central Murchison region (including its non-core lithium royalties).

- During the first half of FY21, Westgold's gold operations gained momentum with key mining operations moving towards steady state production. During the second half of FY21, production slowed due to the impacts of the COVID-19 pandemic.
- In October 2021, Westgold paid a final unfranked dividend of A\$0.02 per Westgold Share to all Westgold Shareholders registered as at October 1, 2021.

FY22 Developments

- In FY22, Westgold delivered its first full year of production and cost guidance in a period where the COVID-19 pandemic continued to impact personnel mobility and availability. Westgold achieved its production target of over 270,000 ounces of gold from the Westgold Projects at an all-in sustaining cost of A\$1,692/oz, which was a significant achievement considering the increases in all key cost inputs to Westgold's business.
- Westgold's safety performance began to positively improve. Westgold's major mines performed consistently during FY22 with the Bluebird, Starlight and Big Bell underground mines all reaching steady state. Importantly, the Bluebird and Big Bell underground mines began to produce above design levels during the second half of FY22. With the growing momentum in production at its larger mines, Westgold decreased its reliance on its smaller underground operations and higher cost open pits. Westgold ceased its open pit operations in the latter half of FY22.
- Westgold's exploration efforts began to deliver results during FY22 with early success at the high-grade Sovereign target near the Cue Operations.
- Westgold advanced several ESG initiatives during FY22. This included signing new electricity supply and LNG gas supply agreements to replace diesel fired power stations. These new agreements enabled Westgold to integrate renewable energy into its power infrastructure, which will deliver significant cost savings and emission reductions.
- Westgold's operating results reflected another solid improvement with record production over the previous year but total cost increases, together with the non-cash impairment charges directly impacted Westgold's profitability.
- In FY22, Westgold sought to reset its operating model with the key to delivering shareholder value being to mine 'profitable ounces' not just ounces. Industry wide cost inflation forced Westgold to apply a granular cost assessment and Westgold commenced a deep dive into opportunities that could reduce waste and improve the ability of the business to generate stronger cash flows.

FY23 Developments

- In the first quarter of FY23, the Westgold Board initiated a strategic review to address the improvement of profitability of the business. In parallel, a new leadership team initiated the reset of its culture, operational base and approach to cost management. A new strategy was outlined to Westgold Shareholders with a commitment to an operating regime that would deliver safe and profitable production in FY23. As part of this strategy, Westgold placed three marginal underground mines on care and maintenance and redeployed staff and equipment to its four larger operating underground mines.
- Westgold's safety performance continued to improve along with operating efficiencies and productivity. Cost management improved significantly alongside greater accountability being shifted back to operational management. Significant investments were made in exploration and resource development with a view to extending the planning horizon and mine life of each of Westgold's four operating mines and the planned next underground mine at Great Fingall.
- The second half of FY23 saw positive cash flow from Westgold's operations and increasing operational efficiencies being realized.

- As part of Westgold's commitment to becoming a better corporate citizen, Westgold implemented a new Community Relations teams to work with the communities impacted across its regional tenure with a focus on indigenous employment.
- FY23 was a turnaround year for Westgold, ending with a strong financial position with A\$192 million in cash, bullion and liquid assets. Importantly, Westgold is fully funded to deliver its FY24 corporate objectives.

Developments subsequent to FY23

- Westgold executed a Syndicated Facility Agreement ("**Facility Agreement**") with National Bank of Australia as agent and security trustee for ING Bank (Australia) Limited and Société Generale, Sydney Branch on November 21, 2023. The Facility Agreement provides Westgold with a A\$100 million revolving corporate facility with a three-year term, which Westgold is able to utilize for general corporate purposes. As at the date of this Circular, the Facility Agreement remains undrawn. Refer to the Section titled "*Material Contracts – Facility Agreement*" in this Appendix L for a summary of the key terms of the Facility Agreement.
- On February 29, 2024, Westgold announced an interim dividend of A\$0.01 per Westgold Share and paid a total of A\$4.7 million on April 12, 2024 under its updated dividend policy, which seeks to pay a total annual ordinary dividend of at least 1 cent per Westgold Share each financial year, up to a maximum of 30% of free cash flows generated for the financial year.
- On April 8, 2024, Westgold executed the Arrangement Agreement with Karora to undertake the Arrangement.
- On April 16, 2024, Westgold announced an increase to its Mineral Resource estimation for the Bluebird-South Junction project at Westgold's Meekatharra Operations. Refer to the Section titled "*Mineral Projects – Meekatharra Operations*" in this Appendix L for further information regarding the Mineral Resource estimation at the Bluebird South Junction project. At South Junction, Westgold has identified a zone serviceable by a single set of infrastructure, to be infill drilled to allow the statement of an updated Mineral Reserve for the broader Bluebird-South Junction system. This will lead to definitive mine planning works, and a final investment decision to support a new mining front in South Junction that will expand total mine output.
- Preliminary studies are underway to understand the likely scale of production and potential mining methods for the Bluebird South Junction project. In parallel, surface and underground drill rigs are targeting the expansion of the overall mineralized inventory of the system via testing of the down-plunge extents of the currently defined zones. Developing underground diamond drill platforms to allow testing of the upper reaches of South Junction and continuing development exposure of the Bluebird North portion of the system will also progress.
- On April 24, 2024, Westgold announced that it processed 865,720t (Q2 FY24 – 871,721t) of ore in total at an average grade of 2.1g/t Au (Q2 FY24 – 2.4g/t Au), producing 52,100 ounces of gold (Q2 FY24 – 59,238 ounces). Gold production was lower than the prior quarter predominantly due to weather issues and the cessation of mining at Paddy's Flat.
- Westgold has extensive organic growth opportunities. Optimization studies continue on previously paused assets, along with work on other near mine opportunities at the existing mining operations. The South Emu-Triton underground mine near Meekatharra is being reviewed for restart, along with shallow mining opportunities in the upper areas of Great Fingall that have the potential to be accessed without impacting the decline advance to the virgin ore at depth.
- Westgold has continued to invest in drilling with up to 12 underground and surface drill rigs operating across the Westgold business during Q3 FY24. Westgold's focus remains to extend the mine planning horizons of

the four key operating mines, along with defining the opportunities in the shallow, upper areas of Great Fingall.

- Westgold has significantly enhanced its in-house underground drilling capability, with the purchase of six additional underground drill rigs for delivery prior to the end of FY24. This will expand Westgold's diamond drill rig fleet size to 13. Initially, the rigs will be deployed to existing mines, displacing three contract rigs currently conducting drilling in parallel with Westgold's existing fleet at the Starlight and Bluebird projects. The additional rig capacity will be subsequently used at Great Fingall and South Junction as drill platforms open up at these significant development projects. Bringing all underground diamond drilling activities in-house is anticipated to vastly increase Westgold's flexibility, allowing rapid deployment to ensure Westgold is best positioned to take advantage of emerging geological opportunities, and at the same time delivering superior drilling productivity at industry leading unit rates.
- On May 6, 2024, Westgold announced an exploration update from the Great Fingall project, noting that the shallow areas of Great Fingall presented an attractive opportunity for potential early production. The latest drilling targeted the shallow areas, which require minimal development capital to extract due to the existing decline's close proximity. Westgold has undertaken comprehensive drilling of the shallow areas of Great Fingall since the beginning of 2024, with drilling currently focused on resource definition of the Sovereign Reef opportunity, which is located between Great Fingall and Golden Crown.
- On May 14, 2024, Westgold announced a further update to its ongoing exploration and resource development program at the Bluebird-South Junction project, noting that drilling is underway with three surface drill rigs and an additional underground drill rig to explore the down-plunge extents of the orebodies. Westgold continues to explore beneath Bluebird and the current drill program is focused on South Junction, which has seen little exploration since open pit mining ended in 2013.
- On June 11, 2024, Westgold announced an increase to its Mineral Resource estimation for the Starlight underground mine at Westgold's Fortnum Operations. Refer to the Section titled "Mineral Projects – Fortnum Operations" in this Appendix L for further information regarding the Mineral Resource estimation at the Starlight project. Westgold invested substantial resources into extending the footprint of the mineralized system at Starlight, with three drill rigs employed underground. Underwritten by the certainty of the Starlight mine's output, its strong operational and commercial performance and relative operational simplicity allows Westgold to flex the wider Westgold Group's operations to maximise free cash generation.

MINERAL PROJECTS

Three technical reports entitled "NI43-101 Technical Report - Fortnum Gold Operations, Bryah Goldfield, Western Australia", "NI43-101 Technical Report – Meekeatharra Gold Operations, Murchison Goldfield, Western Australia" and "NI43-101 Technical Report – Cue Gold Operations, Murchison Goldfield, Western Australia" dated as at May 31, 2024, with an effective date of June 30, 2023 (the "**Westgold Technical Reports**") were prepared for Westgold by Mr. Jake Russell (BSc. (Hons) MIAG) and Mr. Leigh Devlin (B.Eng, FAusIMM) of Westgold, each of whom are qualified persons under NI 43-101.

The information presented in this section has been reviewed and approved by Simon Rigby (BSc. (Hons), MAIG), a full-time employee of Westgold, a qualified person as defined by NI 43-101 criteria. Mr. Rigby is not considered independent under NI 43-101 as he is a full-time employee of Westgold.

The information reproduced below is qualified in its entirety by the more detailed information presented in the Westgold Technical Reports, copies of which are available under Karora's profile on SEDAR+ and on Karora's website at www.karoraresources.com.

Fortnum Operations

Property Description, Location and Access

Westgold is the sole legal and beneficial owner of the Fortnum Operations, which comprise of:

- the Fortnum, Horseshoe – Cassidy and Peak Hill mineral fields;
- 37 mineral leases as at June 30, 2023;
- the operating Starlight underground mine;
- the 0.9 Mtpa Fortnum processing plant (known as the Fortnum Mill); and
- the 200 room Fortnum accommodation village.

Westgold's Fortnum Operations are located in the Proterozoic age Bryah Basin stratigraphy approximately 150km northwest of Meekatharra and represent the northernmost group of Westgold's assets. These assets encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe-Cassidy and Peak Hill which collectively have delivered approximately 2Moz of reported gold production to date. Refer to Figure 3 for a map of the Fortnum Operations. The Fortnum Mill is located 169 km north of Meekatharra by road and 924 km north of the state capital of Perth. The Fortnum Mill is accessed via the Ashburton Downs Road, which is located 17km southeast of the Fortnum Mill.

The Fortnum Operations span over 37 active mining tenements across approximately 25.2 km². Except for Exploration Licences E52/1659 (20%), E52/1671 (20%), E52/2471 (85%), Mining Leases M52/1073 (85%), M52/1048 (0%), M52/801 (85%) and Prospecting Licence P52/1600 (85%), which are held jointly by Westgold and various third parties as part of joint venture arrangements, the remaining tenements comprising the Fortnum Operations are held solely by Aragon Resources Pty Ltd, a wholly owned subsidiary of Westgold.

In accordance with Australia's mining law, these tenements are subject to expenditure commitments, rent, local rates and annual reporting obligations. As at the date of this Circular, the tenements comprising the Fortnum Operations are in good standing and are supported by Westgold's strong compliance with regulatory reporting requirements. The tenements comprising the Fortnum Operations are subject to various risks, which are further detailed in the Section titled "*Risk Factors*" in this Appendix L.

Westgold pays various royalties on gold production from the Fortnum Operations, including royalty of 2.5% of recovered gold to the Government of Western Australia and various other third-party royalties effecting certain tenements that were negotiated in the ordinary course of business and on arm's length terms.

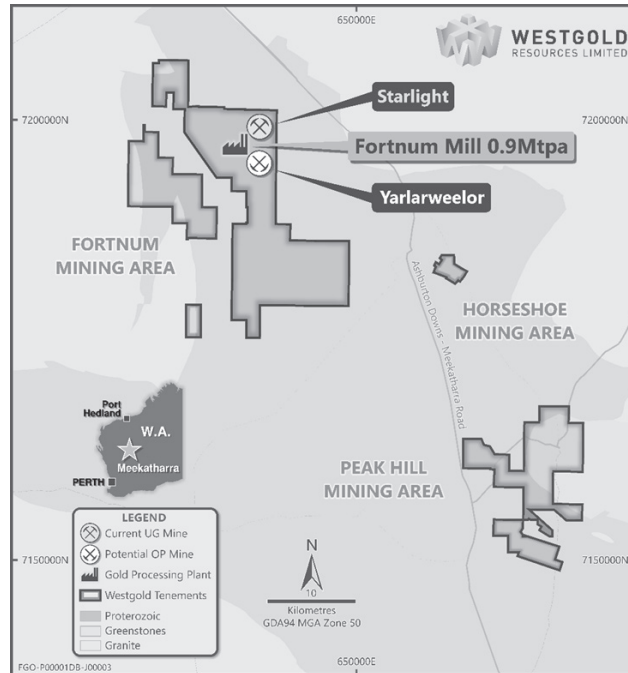


Figure 3: Westgold Fortnum Gold Operation Asset Map

History

The area encompassing the Fortnum Operations (including its constituent mineral fields, being the Fortnum Mineral Field, Horseshow-Cassidy Mineral Field and the Peak Hill Mineral Field) have had a long history of gold exploration and mining, with the Peak Hill district being one of the earliest mining centres in Western Australia.

In 1983, Homestake Australia Ltd ("**Homestake**") acquired the Fortnum Gold Project. After a period of intensive exploration, Homestake released the first resource estimates in relation to the Fortnum Gold Project in late 1988. Between 1989 to 1992, Homestake processed 1.37 Mt of ore from the Trev's, Yarlarweelor and Twilight deposits to produce 137,000oz of gold. In 1992, Homestake placed the Fortnum Gold Project on care and maintenance.

In 1984, the Horseshoe Project was acquired by Saladar Pty Ltd. Reconnaissance soil sampling and costeaning between 1985 and 1987 identified two zones of mineralisation which was followed up with a program of RC drill holes in early 1988.

In 1988, Peko Wallsend Operations Limited ("**Peko**") commenced mining of the Peak Hill orebody. Active mining at Peak Hill ceased in October 1997. The tenements comprising the Peak Hill Project were originally held in a joint venture between Peak Hill and Grants Patch Mining Limited ("**Grants Patch**").

In 1992, Whim Creek Consolidated NL acquired the Horseshoe Range Project from Saladar Pty Ltd and commenced mining on the Horseshoe Project. Between January 1992 and June 1994, the Horseshoe, Cassidy and Pod open pits produced 959,000t at 2.6g/t for 81,400oz.

In 1993, Perilya Mines NL ("**Perilya**") acquired the Fortnum Gold Project from Homestake and recommenced mining and processing operations in March 1994. In 1996, Perilya discovered the Starlight deposit adjacent to the Trev's deposit which, following several drilling programs, was later recognised as a significant deposit. Perilya operated the Fortnum Gold Project between 1994 and mid-2001 and produced 541,000oz of Au at an average cost of \$363/oz. Perilya placed the Fortnum Gold Project on care and maintenance in late 2000. As at the cessation of production by Perilya, the total production to date from the Fortnum Gold Project amounted to 960,000oz.

In 1994, Perilya acquired the Horseshoe Project from Whim Creek Consolidated NL. The Perilya group undertook data and mapping exercises before committing to exploration and extensional drilling in and around the existing pits. This program was successful in identifying a hanging wall lode at the Horseshoe Project and confirmed that the main mineralisation zone at Horseshoe continued at depth, plunging west.

In 2003, Gleneagle Gold Ltd ("**Gleneagle**") acquired the Fortnum Gold Project and the Horseshoe Project from the Perilya group. Gleneagle re-commenced production, but the operation was plagued by lower-than-expected head grades and lower than expected plant recoveries. In May 2007, Gleneagle ceased production at the Fortnum Gold Project at which point in time Gleneagle produced a total of 22,399oz Au from the Toms (254,873t at 1.36g/t Au), Eldorado (77,316t at 1.65g/t Au) and Yarlalweelor North (87,329t at 1.44g/t Au) open pits. Gleneagle also undertook a geological re-evaluation of the Horseshoe deposits followed by limited RC and AC drilling until early 2006, primarily targeting the Horseshoe Pit hanging wall mineralisation identified by the Perilya group. A new Mineral Resource was estimated, and optimisation and preliminary mine planning was undertaken.

In May 2007, Gleneagle went into administration and the Fortnum Gold Project and the Horeshoe Project were sold to Eagle Gold Mines Pty Ltd ("**EGMPL**"), which later itself went into receivership. EGMPL was acquired by Bluecrest Mercantile III BV ("**Bluecrest**") and EGMPL changed its name to Grosvenor Gold Pty Ltd.

In late 2007, the Peak Hill Project was acquired by Montezuma Mining Company, which later sold the Peak Hill Project to Grosvenor Gold Pty Ltd.

In March 2012, Resource and Investment NL ("**RNI**") acquired Grosvenor Gold Pty Ltd. The acquisition included the plant and infrastructure, existing gold resources and additional exploration potential. RNI concentrated drilling extensional exploration and resource definition of the Callies deposit with limited resource definition drilling at Trev's, Toms, Eldorado and Yarlalweelor with metallurgical testing also completed at Yarlalweelor.

In October 2015, Metals X Limited acquired the Fortnum Gold Project, the Horseshoe Project and the Peak Hill Project from RNI.

In 2016, Westgold (including the Fortnum Operations, Cue Operations and Meekatharra Operations) was demerged from Metals X Limited into Westgold Resources Limited.

Since acquiring the aforementioned projects, Westgold undertook work on a Feasibility Study to support the return to mining operations. In May 2017, Westgold recommenced mining and processing operations at Fortnum, and specifically recommenced mining of the Tom's and Sam's and Yarlalweelor open pits, and dewatering and eventual mining at the Starlight underground mine. Westgold has continued to progress resource development activities, primarily to support the continuing mining operations at the Starlight underground mine. Due to the current match between the Starlight underground mine output and the Fortnum mill feed requirements, as well as the significant Mineral Resource base already defined at the Fortnum Gold Operations, grassroots exploration efforts to identify new Mineral Resources has been sporadic to date.

Geological Setting, Mineralization and Deposit Types

The Fortnum Gold Operations are located within the Palaeoproterozoic Bryah-Padbury Basin. This basin forms part of the Proterozoic Capricorn Orogenic belt between the Yilgarn and Pilbara Archaean Cratons. The basin comprises units of the Bryah Group, unconformably overlain by the Padbury Group. The Bryah Group is divided up into four formations; the Karalundi, Narracoota, Ravelstone and Horseshoe formations, consisting of deformed and metamorphosed mafic-ultramafic volcanic, clastic and chemical sedimentary rocks deposited in a back-arc rift basin. The Padbury Group consists of sedimentary rocks deposited in a retro-arc foreland basin.

The Bryah-Padbury Basin underwent regional compression during two progressive deformation regimes between 2,000 Ma and 1,700 Ma. The earliest, D1 - D2 event involved NNE-SSW to N-S compression, relating to the Glenburg Orogen. This resulted in a broad, approximately east-west structural arch through the core of the basin. The D3 - D4 event involved ESE-WNW to E-W compression resulting in N-S trending fold and thrust belts and attributed to the

Capricorn Orogen. The metamorphic grade throughout the Bryah Basin comprises prograde assemblages up to greenschist facies followed by retrograde overprints in high-strain zones.

In the vicinity of Peak Hill, Ravelstone and Narracoota Formations are in faulted contact with rocks of the Peak Hill Schist at the southwestern end of the Archean Marymia Inlier.

The Fortnum Project area is located within the Fortnum Wedge, a fault-bounded package of volcanoclastic rocks of the Narracoota Formation, bounded to the north by the Fortnum Fault and to the east and west by the Ravelstone Formation immediately around the Fortnum mining centre. To the north and west, mineral prospects are hosted by Labouchere Formation units.

A comprehensive structural review of the Fortnum area was undertaken in 2004 and determined that the previous geological model for the Fortnum Wedge as a south-plunging antiformal structure (the Fortnum Anticline) was considered to be unlikely. Rather, consistent west younging of stratigraphy is displayed and is locally repeated. Major thrust structures have caused stratigraphic repetition and display consistent reverse, west-side-up kinematic indicators. The overall architecture of the wedge is more consistent with an east-verging thrust duplex or flower structure, comprising west-dipping thrusts, which anastomose both horizontally and vertically. Mineralisation is spatially, temporally and genetically related to these thrusts, with mineralisation being emplaced during the latter stages of regional D3 - D4 deformation associated with the exhumation of the Yarlalweelor Gneiss Complex during the Capricorn Orogen c1,810-1,795 Ma. The majority of mineralisation occurs in the footwall of these structures.

Lead Isotope dating of pyrite has returned ages of 1,800 \pm 30 Ma (at Labouchere) and 1,820 \pm 30 Ma. Dating of Fortnum pyrite returned 1,030-995 Ma, and is suspected to be related to later, minor mineralising event.

Fortnum Wedge lithologies consist of basalts and mafic tuffs with local jasperoidal chert, intermediate tuffs, crystal tuffs and tuffaceous siltstones and felsic crystal tuff, overlain by a grey siltstone unit regarded as a marker unit between the Narracoota volcanics and the Ravelstone Formation. Intermediate crystal tuff (ITC), felsic crystal tuff (FTC) and basal basalt units provide stratigraphic correlation across the western side of the wedge from Trev's Pit, south to Callie's. Jasperoid bodies have been interpreted to represent either zones of sea floor metasomatism of mafic volcanic rocks with an alternate interpretation as an epigenetic, consolidated vein arrays or alteration halo. During D3 - D4 deformation, the jasperoid has been isoclinally folded and overturned to the east, before being boudinaged during progressive shearing. Relict fold hinges form the largest bodies, with fold limbs being attenuated and boudinaged to smaller-scale bodies. The whole Fortnum stratigraphic sequence is repeated and truncated by the thrust duplex system and further complicated by post-mineralisation, west-northwest and southwest-trending brittle faults off-setting stratigraphy and mineralisation. These faults are considered to be accommodation structures associated with later reactivation of the Fortnum fault.

The Horseshoe – Cassidy Project area group of deposits share several geological features with the Fortnum Wedge, primarily that mineralisation is hosted within a fault-bounded package of mafic volcanic and volcanoclastic rocks of the Narracoota Formation, bounded by the Ravelstone Formation.

The local geology of Horseshoe-Cassidy trends west-northwest, with a shallow to steep southerly dip. The surrounding Ravelstone Formation is comprised primarily of siltstone and argillite. The Narracoota Formation exposure consists of highly altered, moderate to strongly deformed sequence mafic and ultramafic rocks. The hanging wall unit is a strongly foliated talc-chlorite schist which displays strong carbonation adjacent to its contact with the Ravelstone Formation and with the underlying mafic unit. The mafic unit is interpreted as a high-magnesian basalt, which is extensively silica altered, though deeper diamond drilling has intersected unaltered rock with some evidence of pillow textures. Strong silicification is evident at the margin of the mafic and footwall Ravelstone sediments manifesting as jasperoid displaying hydrothermal breccia textures.

Mineralisation is developed within a horizon of extremely silica altered magnesian basalt. The silicification appears to predate mineralisation and represents a broad zone of brecciation that has undergone intense silica flooding. Core from the margins of this zone show relict, partly replaced breccia fragments, cross-cut by mineralisation associated veining. Later potassic alteration related to gold mineralisation is spatially associated with strong vein stock-works that are confined to the altered mafic. Alteration consists of two types; stockwork proximal silica-carbonate-fuchsite-haematite-pyrite and distal silica-haematite-carbonate \pm chlorite.

The Peak Hill Project area covers a marginal part of a Proterozoic orogenic belt (Capricorn Orogen) that developed around the northern edge of the Yilgarn craton. Rocks of the Capricorn Orogen separate the Archean rocks of the Yilgarn Craton to the south from the Pilbara Craton to the north.

The Peak Hill district represents remnants of a Proterozoic fold belt comprising completely deformed trough and shelf sediments and mafic / ultramafic volcanic, which in part are moderately metamorphosed.

Regionally, major gold deposits are generally located at or close to the top of the Narracoota Volcanics near the contact with the overlying Thaduna Greywacke or Labouchere formation, with some exceptions. These (contact) related deposits are generally associated with quartz's veins or chert horizons at or close to the contact.

Exploration

Westgold's non-drilling regional exploration activities within the tenements comprising the Fortnum Operations has been somewhat limited to date. Desktop data reviews of historic exploration activities on the underlying tenements comprising the Fortnum Operations have been completed, which has included geological mapping, geochemical studies and geophysical surveys. These datasets have been utilised to generate exploration targets for subsequent drill testing.

Westgold has relied on the available extensive historical geophysical datasets, including aeromagnetic and gravity data. Westgold also has access to extensive historic geochemical datasets, including soil and rock chip geochemistry, with additional datapoints being limited to sporadic rock chip sampling.

Westgold's completed exploration targeting using available datasets has resulted in the drill testing of 35 prospects, with the majority of these prospects being within the immediate Fortnum mine region and pertain to resource definition and resource extension drilling.

During FY24, a further targeting exercise was completed highlighting priority targets in the Peak Hill and Labouchere regions that are scheduled for drill testing in 2024.

Drilling

Since its acquisition of the Fortnum Operations, Westgold has drilled 3,454 Exploration, Resource Development and Grade Control holes for 356,176m. Drilling was completed for the purpose of the development of gold resources as well as exploration for new gold deposits. The total drill holes and metres by type are shown in Table 1.

Table 1: Fortnum Operations drill hole database– number of holes and metres drilled between October 19, 2015 and June 30, 2023.

Drill Type	Number of Holes	Metres
Air Core (AC)	340	34,016
Diamond Core (DDH)	1,684	272,509
Reverse Circulation (RC)	1,398	46,803
RC/DDH	21	4,614
Grand Total	3,443	357,943

The majority of the completed drilling (particularly the DDH) pertains to grade control and resource definition programs at the primary Starlight underground mine. Starlight includes the Starlight, Dougies, Twilight, Midnight and Trevs lodes, among others. These drilling programs have been very successful in both replacing and building the Mineral Resources as detailed below.

Westgold has also undertaken various drilling programs across many other historic mining areas across the FGO project such as Yarlalweelor, Nathans, Fiveways & Horseshoe with Mineral Resources being defined at these as detailed below.

The drilling density at these deposits is considered sufficient to define the geometry and extent of the mineralisation for the purpose of estimating the gold resources given the understanding of the local project geology, structure and confining formations. Further drilling will be undertaken in the future as deemed appropriate by Westgold in-line with project development and company strategy.

Sampling, Analysis and Data Verification

Drilling from 2015 onwards has been undertaken by Westgold. Westgold has employed various drill sample collection processes for exploration and resource definition drilling at the Fortnum Operations.

For aircore ("AC") drilling, samples are collected from the rig return via a cyclone in 1m intervals placed on the ground. Based on geological logging (rock type, alteration etc.) the drilled intervals are sampled on 1 to 4 composite intervals with the samples collected by a dedicated Westgold sample transport team and delivered to the laboratory. The samples are analysed for gold and multi-elements. Being oxide or transitional in nature, samples are analysed via multi-element aqua regia analysis. Upon return of results, any composite intersections of 0.1 g/t and above are resampled at 1m splits for further analysis. Full quality assurance / quality control protocols are applied as described below ("QA/QC Procedures").

For reverse circulation ("RC") drilling, samples are collected at the cyclone and the residual material is retained on the ground near the hole. A cone splitter has typically been used which is located directly below the cyclone, delivering approximately 3kg of the recovered material into pre-numbered calico bags for analysis. The use of a cone splitter is more suitable for wet samples. Based on geological logging (rock type, alteration etc) the drilled intervals are sampled on 1 to 4m intervals. If any anomalous assays are received from composited intervals, the 1m interval sample is then submitted for analysis. Ordinarily the 1m interval sample is submitted in the first instance. The samples are then collected in poly-weave bags which are then loaded into bulka bags and are collected by a dedicated Westgold sample transport team and delivered to the laboratory.

For diamond drilling ("DD"), the diamond drill core is cleaned, laid out, measured and logged on site by geologists for lithology, alteration, mineralisation and structures. Structural measurements, alpha and beta angles, are taken using a kenometer core orientation tool or a Reflex IQ Logger on major lithological contacts, foliations, veins and major fault zones, and are recorded based on orientation lines scribed onto the core by the drillers. Multiple specific gravity ("SG") measurements are taken per hole in both ore and waste zones. Depending on the project requirements, the diamond core will be drilled to PQ, HQ3, and NQ2 core diameter and either be whole core, half core or quarter core sampled. Sample intervals are based on geology, with a minimum 0.2m to maximum 1.0m sample size. Before sampling, the diamond core is photographed wet and dry, and the generated files stored electronically on the Imago platform. The core is cut at the sample line and either full, half or quarter core is taken according to the geologist's instructions and placed into numerically marked calico sample bags ready for dispatch to the laboratory.

QA/QC Procedures are applied to all drilling samples and involve the insertion of Certified Reference Materials (a sample with a known gold grade certified by third party laboratories) and "blank" samples (a sample known to contain no gold) into the sampling runs to confirm the assay laboratory accuracy and precision.

Westgold implements various sample security protocols to maintain the chain of custody of samples, to prevent inadvertent contamination or mixing of samples, and to render active tampering as difficult as possible. Sampling is conducted by Westgold staff or contract employees under the supervision of site geologists.

Mineral Processing and Metallurgical Testing

The Fortnum Mill, which comprises a 0.9 Mtpa conventional CIL processing plant, services the Fortnum Operations and has been in operation since 1989, and continuously operated under Westgold ownership since April 2017. The Fortnum Mill is currently being fed by the proximal Starlight underground mine and supplemented with oxide and primary stockpiles.

Due to the longevity of operations, the local feed variability is well understood. Gold recoveries depend on the ore sources and range from 92.8% to 97.0% with an average recovery of 95.2%.

For personal use only

Various historical metallurgical test-work programs prior to Westgold's ownership and subsequent programs have been used to understand potential impacts during crushing and milling as new production sources come online. As new production sources are delineated, testing is conducted to assess whether the metallurgy will vary significantly from the anticipated responses.

For the Fortnum Mill, feed characterisation, classification and recovery test-work is conducted on new production sources as required. Typical metallurgical test-work comprises the following:

- Head assay determination;
- Ball mill work index determination and Abrasion index testing;
- Grind establishment to 106 µm;
- Gravity recovery; and
- Leach test on the gravity tail with the following set points:
 - pH 10.5;
 - CN at 200 ppm;
 - 40% solids with site water; and
 - 48 hours leach time.

Diagnostic leach test-work may also be carried out if the standard leach test shows lower than expected recoveries.

Mineral Resource and Mineral Reserve Estimates

The current Mineral Resource and Mineral Reserve estimate for the Fortnum Operations is summarised in Table 2 and

Table 3 below, respectively. Mineral Resource and Mineral Reserve estimations are undertaken in-house by highly experienced and appropriately qualified geologists and mining engineers. Independent reviews of this work are undertaken by reputable consultants at appropriate intervals.

Table 2: Fortnum Operation Mineral Resources at June 30, 2023.

Fortnum Gold Project

Mineral Resource Statement - Rounded for Reporting

30/06/2023

Project	Measured			Indicated			Measured and Indicated			Inferred		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Fortnum	1,019	3.53	116	4,446	2.50	357	5,465	2.69	472	2,078	3.05	204
Horseshoe	0	0.00	0	1,266	2.09	85	1,266	2.09	85	183	1.43	8
Peak Hill	0	0.00	0	7,547	1.55	376	7,547	1.55	376	1,838	1.78	105
Stockpiles	846	0.94	25	464	0.70	10	1,310	0.85	36	16	0.54	0
Total	1,865	2.36	141	13,724	1.88	828	15,589	1.93	969	4,115	2.40	318

Notes:

1. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability (Due to 3). There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. It is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. However, there is no certainty an upgrade to the Inferred Mineral Resources would occur or what proportion would be upgraded to Indicated Mineral Resources.
4. The Gold Mineral Resource is estimated using a long-term gold price of A\$2,750/oz.
5. The Gold Mineral Resource for the Fortnum Operations is reported using either a 0.5 g/t Au, 0.70 g/t, 0.80 g/t or 1.0 g/t Au cut-off for open pits and above an RL or optimised pit shell. A 2.0 g/t cut-off grade for underground projects and above an RL if appropriate. Stockpile Gold Mineral Resources are reported insitu.
6. Mineral Resources are depleted for mining as of June 30, 2023.
7. To best represent 'reasonable prospects of eventual economic extraction' the majority of the mineral resources for open pits have been reported within optimised pit shells at various prices between A\$2,000/oz and A\$2,600/oz. For underground resources, areas considered sterilised by historical mining are removed from the Mineral Resource estimation.
8. Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add up due to rounding.
9. CIM Definition Standards (2014) were followed in the calculation of Mineral Resources.
10. Gold Mineral Resource estimates were prepared under the supervision of Qualified Person J. Russell, MAIG (General Manager Technical Services, Westgold Resources).

Given that the Fortnum Operations include an operating gold mine, Westgold has used the current design criteria, mining methods and actual costs to form the basis for the mine design, scheduling and economic valuation for the purposes of preparing the Mineral Reserve estimate. The Mineral Reserve estimate is summarised in

Table 3 below.

Table 3: Fortnum Gold Mineral Reserves at June 30, 2023.

Fortnum Gold Project

Mineral Reserve Statement - Rounded for Reporting

30/06/2023

Project	Proven			Probable			Proven and Probable		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Fortnum	403	2.82	37	1,172	2.29	86	1,576	2.42	123
Horseshoe	0	0.00	0	357	2.18	25	357	2.18	25
Peak Hill	0	0.00	0	0	0.00	0	0	0.00	0
Stockpiles	846	0.94	25	464	0.70	10	1,310	0.85	36
Total	1,249	1.54	62	1,994	1.90	122	3,243	1.76	184

Notes:

1. The Mineral Reserve is reported at varying cut-off grades per based upon economic analysis of each individual deposit.
 - a. Key assumptions used in the economic evaluation include:
 - b. A metal price of A\$2,750/oz for Underground and A\$2,600/oz for Open Pits.
 - c. Metallurgical recovery varies by deposit.
2. The cut-off grade takes into account operating, mining, processing/haulage and G&A costs, excluding mining capital where relevant.
3. The Mineral Reserve is depleted for all mining to June 30, 2023.
4. The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
5. The Mineral Reserve tonnages and grades are estimated and reported as delivered to plant (the point where material is delivered to the mill) and is therefore inclusive of ore loss and dilution.
6. CIM Definition Standards (2014) were followed in the calculation of Mineral Reserves.
7. Gold Mineral Reserve estimates were prepared under the supervision of Qualified Person L Devlin, FAusIMM.

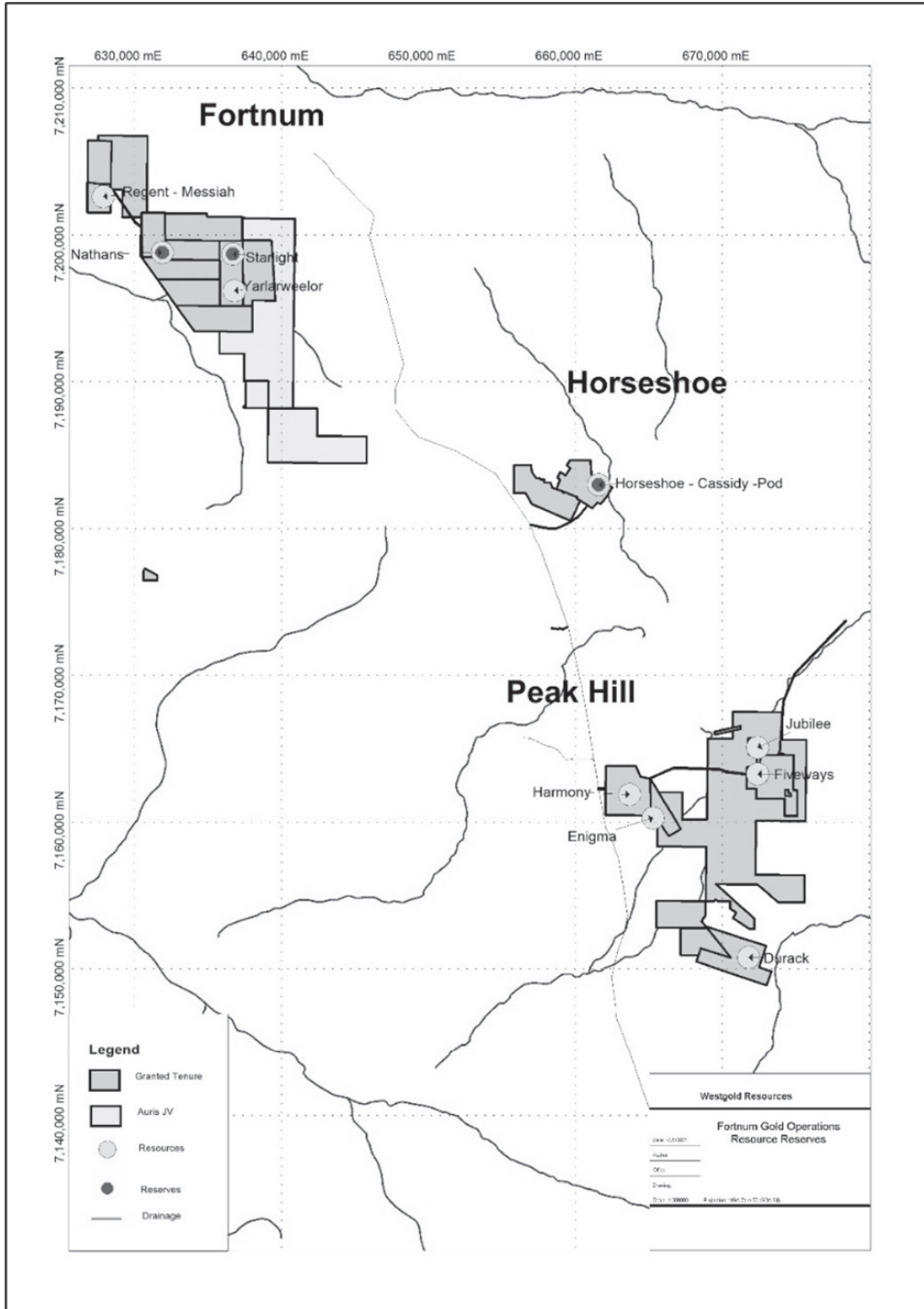


Figure 4: Location of Westgold Mineral Resources and Mineral Reserves effective June 30, 2023

Mining Operations

Westgold utilises a combination of open pit and underground mining techniques in relation to the Fortnum Operations.

For open pit mining, the mining method implemented is drill, blast and loading by hydraulic backhoe excavators and trucking by diesel haul trucks of the waste rock to a dedicated waste rock dump area close to the pit, and the ore to a local pit stockpile ready for road train haulage to the Fortnum Mill. Mining takes place in benches with flicht loading

(on either 2.5m or 3m high flitches). Grade control RC drilling will be performed ahead of blasting when required with the drilling chips assayed. In combination with the planning block model, zones within the mining bench are demarcated (by coloured tape / spray or a combination of the two) to define if a parcel of ore is low grade, medium grade or high grade.

For underground mining, LHOS methods are implemented. Access to the underground is by decline to the base of the mine. Generally, levels are spaced between 15-25m vertical intervals and extracted in a top-down sequence. The intervening rock mass between levels is mined by drill and blast in a retreat fashion to the cross-cut access. Mining methods are chosen based on the width of the orebody being mined, rock mass strength (ground conditions), the dip of the orebody and access restrictions. No backfill is currently used to fill the stope voids, only rib and sill pillars are built to control stope span and hanging wall stability. Declines and level accesses are typically located in the footwall and provide access, suitable for UG trucks into the main production areas of the orebody. Due to the differences in width as well as dip angle between the various orebodies, two variations of LHOS are employed at the Starlight underground mine:

- Longhole retreat bench stoping (Twilight, Trev's, Nightfall, Moonlight and Starlight), and
- Sub-level open stoping (Starlight).

Both variants of LHOS follow a similar method. A slot is created in the first firing, after this the stopes are longhole blasted into the lower extraction drive using 89 mm production holes. Bench stopes are usually mined between two ore drives but can be designed as blind up-hole stopes. Sub-level open stopes will span across multiple levels and involve different drilling horizons. Both methods will generally utilise one bogging level for ore extraction.

Processing and Recovery Operations

The Fortnum Mill services the Fortnum Operations and has been operated by Westgold since 2017. The mill comprises a 0.9 Mtpa conventional CIL processing plant consisting of an open circuit jaw crusher followed by a semi-autogenous ball mill crusher comminution circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Fortnum Mill is fed by the proximal Starlight underground mine and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 92.8% to 97.0% with an average recovery of 95.2%.

During FY24, Westgold transitioned the Fortnum Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 5.5MW Solar array with a 2.2MW battery storage system.

The Fortnum Operations have a paddock-style tailings storage facility, with currently 15 months of remaining storage. Permitting and design is underway for approval to discharge into the nearby historic Nathan's Open Pit which will provide 4.5 years tailings storage capacity.

The Fortnum Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

All necessary plant services are available to support the operation of the Fortnum Mill. Raw water is sourced from various disused open pits and a number of water bores in the vicinity of the Fortnum Mill. Potable water is sourced from a good quality bore, treated on site and utilised in the process plant, administration building and workshop / stores. Power is generated on site from Westgold's hybrid 9.2 MW power station.

Infrastructure, Permitting and Compliance Activities

The Fortnum Operations are a well-established mine which has services and infrastructure consistent with an isolated area operating mine. Infrastructure specific and available to the Fortnum Operations include:

- 0.9 Mtpa processing plant and supporting infrastructure;

- Starlight underground mine including workshop and office buildings;
- a hybrid power station;
- medical facilities;
- an accommodation village;
- administration blocks and training buildings;
- fuel storage and dispensing facilities;
- waste water treatment plants;
- water storage and distribution facilities; and
- tailing storage facilities.

The current workforce of approximately 187 people primarily consists of fly-in/fly-out (**FIFO**) workers from Perth. Westgold runs dedicated charter flights from Perth to Fortnum Airport three times a week (Tuesdays, Wednesday and Thursdays) with capacity for the entire FIFO workforce. Additionally, the FIFO workers are supplemented by workers who reside in regional towns such as Geraldton.

Westgold adheres to the regulatory framework established by the *Mining Act 1978* (WA) ("**Mining Act**"), which ensures responsible mining practices throughout the entire mine life cycle. To ensure comprehensive planning and responsible mine closure, detailed mining proposals have been prepared by Westgold to meet the conditions of tenure and to conduct mining in accordance with the Mining Act. The mining proposals also incorporate mine closure plans that detail the steps for post-mining rehabilitation, to ensure the long-term stability and safety of the sites. The Western Australian Department of Energy, Mines, Industry Regulation and Safety ("**DEMIRS**") has approved the mining proposals and mine closure plans for all of Fortnum Operations' project areas.

Westgold holds all licences for activities such as mine dewatering, material screening, ore processing and waste management. The Fortnum Mill operates under all necessary permits, with Westgold responsible for compliance with environmental regulations for both mining and processing activities.

Capital and Operating Costs

Westgold has a long history of cost information for capital and operating costs and to the extent possible, mining, processing and site administration costs were derived from recent actual performance data, in addition to recent supplier quotations. As such, these costs are well understood and allow enough detail for Mineral Reserves to be declared.

Westgold incurs the following capital and operating costs in relation to the Fortnum Operations:

- (**Underground**) The underground costs are scheduled based on combination of first principles and internal underground contractor unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities (including mine management, supervision, underground personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights and accommodation.

Capital costs include non-sustaining capital for ventilation infrastructure upgrades and new equipment and sustaining capital in the form of mine development extending the decline, ventilation and electrical network.

- **(Open Pit Mining)** The costs for open pit mining are scheduled based on contractor unit costs. Fixed and variable costs have been included as appropriate. Personnel quantities (including mine management, supervision, open pit personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation. Capital costs have been separated.
- **(Processing and Tailings Storage Facilities)** The processing and tailing storage facilities costs are scheduled based on first principles unit costs and the scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities (including mill management, supervision, mill operators and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation.

Sustaining capital expenditure is allocated for tailings lifts, plant and process improvements including process optimisation, ongoing processing equipment costs (replacements, rebuilds and major overhauls), and other infrastructure replacement, including water security and electrical infrastructure.

- **(General and Administration)** The general and administration costs are scheduled based on first principles unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities have been calculated from the activity required in the scheduled physicals and used to calculate salaries and wages.
- **(Royalties)** Gross royalties are calculated as respective percentage of block revenue less all relevant deductions applicable to that royalty.

The Net Smelter Royalties calculation takes into account revenue factors, metallurgical recovery assumptions, transport costs and refining charges. The site operating costs vary between royalty and commodity and can include mining cost, processing cost, relevant site, transport, general and administration costs, and relevant sustaining capital costs.

- **(Closure Costs)** Closure costs are based on detailed estimates prepared under the Mine Closure Plan.

Exploration, Development, and Production

Westgold will continue to conduct mining activities in respect of the Starlight underground mine and intends to undertake further drilling works focused on the resource definition in the Nightfall zone both at depth and crucially along strike where mineralisation remains open and significant grades and widths of mineralisation are being encountered.

New mine / greenfields exploration activities are continuing and are focussed on testing a series of geophysically defined targets in the Labouchere and Peak Hill regions.

Cue Operations

Property Description, Location and Access

Westgold is the sole legal and beneficial owner of the Cue Operations, which comprise of:

- the Big Bell, Cuddingwarra, Day Dawn and Tuckabianna mineral fields;
- 78 mineral leases as at June 30, 2023;
- the operating Big Bell, Fender and Great Fingall mines;
- the 1.4 Mtpa Tuckabianna processing plant (known as the Tuckabianna Mill); and

- the 266 room Cue accommodation village and the 160 room Big Bell accommodation village.

Westgold's Cue Operations are located around the regional town of Cue and encompasses Westgold's southern-most group of assets including the historic mining centres of Big Bell, Cuddingwarra, Day Dawn and Tuckabianna. Refer to Figure 5 for a map of the Cue Operations. The Tuckabianna Mill is located 31km east of Cue by road and 691km north of the state capital of Perth. The Tuckabianna Mill is accessed via the Cue – Wondinong Road, which is located 7.2km south of the Tuckabianna Mill, or the Miner's Pass which is located 29km southwest of the Tuckabianna Mill.

The Cue Operations span over 78 active mining tenements across approximately 157 km², which are wholly owned by Westgold, through its wholly owned subsidiary, Big Bell Gold Operations Pty Ltd. In accordance with Australia's mining law, these tenements are subject to expenditure commitments, rent, local rates and annual reporting obligations. As at the date of this Circular, the tenements comprising the Cue Operations are in good standing and are supported by Westgold's strong compliance with regulatory reporting requirements. The tenements comprising the Cue Operations are subject to various risks, which are further detailed in the Section titled "Risk Factors" in this Appendix L.

Westgold pays various royalties on gold production from the Cue Operations, including royalty of 2.5% of recovered gold to the Government of Western Australia and various other third-party royalties effecting certain tenements that were negotiated in the ordinary course of business and on arm's length terms.

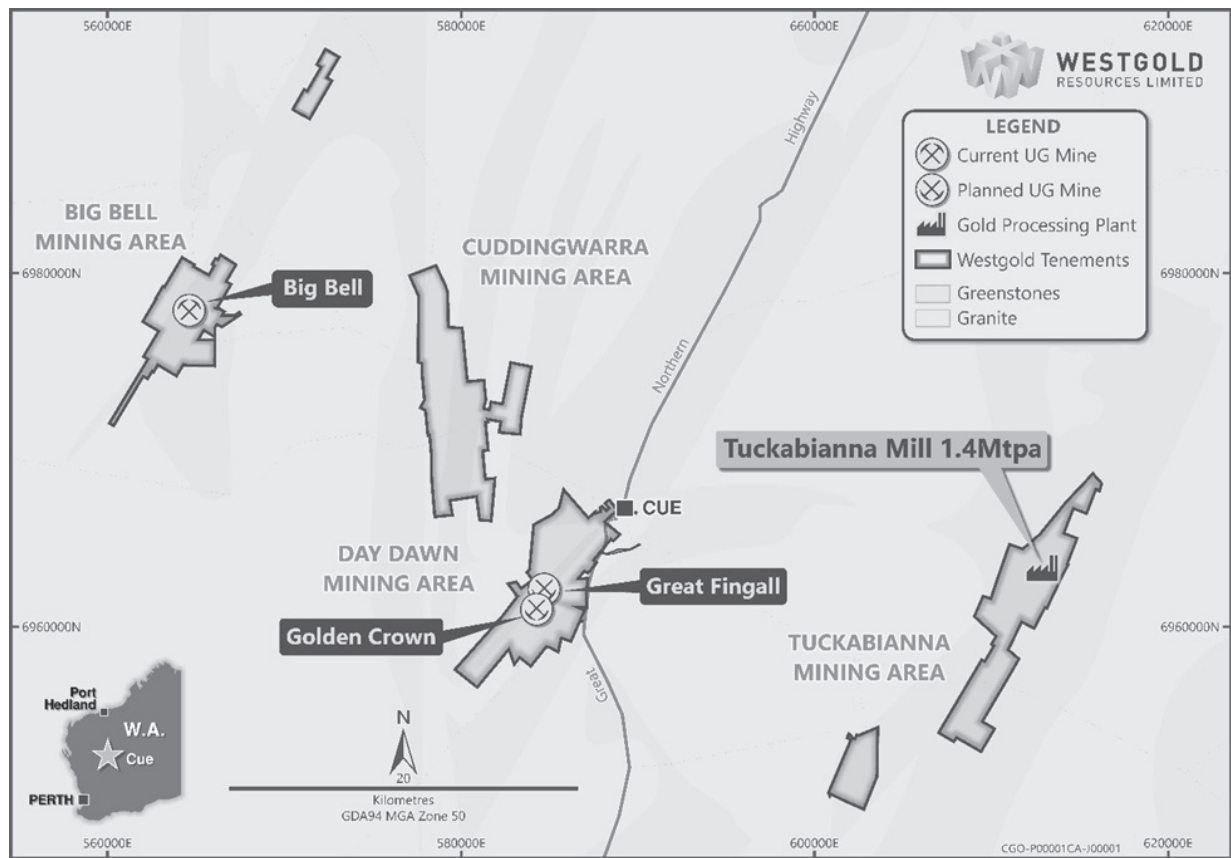


Figure 5: Cue Gold Operations Asset Map

For personal use only

History

The area encompassing the Cue Operations (including its four constituent mineral fields (being the Big Bell Mineral Field, Cuddingwarra Mineral Field, Day Dawn Mineral Field and Tuckabianna Mineral Field)) have had a long history of gold exploration and mining, with Cue being one of the earliest mining centres in Western Australia.

In 1891, gold was first discovered at the Cuddingwarra Mineral Field. Mining occurred at over 30 sites around the Cuddingwarra town site and up to 1954, 44,669 ounces were produced at a combined grade of 37.5 g/t Au.

In 1984, the Cuddingwarra tenements were acquired by Getty Oil Development Company, which undertook limited rock chip sampling, photogeology and minor RAB drilling. This was followed up by modern systematic gold exploration by Freeport Australian Minerals Ltd from 1985 to 1988, Sons of Gwalia NL from 1990 to 1991, and St Barbara Mines Ltd from 1992 to 1996.

In 1904, Harry Paton first discovered gold at Big Bell. In 1910, Great Fingal Consolidated and Great Boulder Pty Ltd undertook sampling and trenching in the Big Bell area. Prospecting continued at Big Bell until 1913. The first large-scale (open pit) mine at Big Bell was developed by Chesson and Heydon and operated until 1923.

In 1915, gold was discovered at Tuckabianna with intermittent small-scale production from rich mineralised pods within the host banded iron formation. During the period leading up to the commencement of modern open pit mining operations in 1988, total gold production was 53,000 oz at an average grade of 18 g/t Au. Approximately six million tonnes of open pit ore were treated from the Tuckabianna and Comet areas for a total production exceeding 500,000 oz Au. Most of this production came from 17 different open pits within the area. Post the modern open pit phase of mining, ownership of the Tuckabianna Mineral Field passed between multiple owners until the field was consolidated by Silverlake Resources Limited ("**Silver Lake**") who constructed the current Tuckabianna Mill and associated infrastructure and the Cue Accommodation Village.

In 1929, the Big Bell leases were taken up by Mandelstam ("**Mandelstam**") who proceeded to drill a series of holes to define the extents of the orebody. In 1932, exploration and mining at Big Bell recommenced and continued until 1955, when the project was closed due to low gold prices and increased costs.

The Big Bell field remained dormant until 1969 when Australian Consolidated Minerals ("**ACM**") acquired title to the leases. Various joint ventures were entered into until ACM's ownership was consolidated in 1980. In 1984, ACM entered into a joint venture with Placer Pacific. Between 1984 and 1989, development work was undertaken leading to the official opening of the modern Big Bell open pit mine and associated processing infrastructure in April 1989. Mining of the open pit continued until 1993.

In 1973, ACM initiated systematic exploration in the Day Dawn Mineral Field, employing aerial photography, geological mapping, gridding, airborne and ground magnetic surveys, geochemical soil surveying, costeaning and geochemical RAB drilling (on 200m by 20m grids) to the saprolite horizon and / or bedrock. These programs led to follow-up RC and diamond drilling of the Emperor, Galena, Golden Crown, Mountain View and Queen's Birthday Reefs. The Golden Crown Reef was drilled over a strike length of four hundred metres to a depth of two hundred metres. This led to the definition and delineation of resources and ore reserves that culminated in the development of an underground mine by ACM in 1987.

In 1991, Normandy Mining Limited ("**Normandy**") acquired ACM and full ownership of the Big Bell Project and the Day Dawn Project. Underground development and mining at the Big Bell Project commenced in 1994. Normandy conducted infill saprolite geochemical surveys (via RAB drilling) over prospective portions of the Day Dawn Project. Significant anomalies were followed up with RC drilling. Normandy delineated open pit resources (totalling 561,000 t at 2.78 g/t) at four prospects at the Day Dawn Project. The resources were upgraded to ore reserves at all deposits during 1993-94 and mining commenced at the Day Dawn Project in 1995. In 1997, Normandy acquired the Cuddingwarra tenements.

In 1999, New Hampton Goldfields ("**New Hampton**") acquired the Big Bell Project and the Day Dawn Project. New Hampton increased exploration particularly around satellite deposits and targets in the Big Bell area and undertook minor underground drilling at the Day Dawn Project.

In 2001, Harmony Australia ("**Harmony**") acquired the Big Bell Project, the Day Dawn Project and the Cuddingwarra tenements via a successful takeover of New Hampton Goldfields. Underground mining at the Big Bell Project continued during this period. Harmony placed the Big Bell Project in care in maintenance in 2003. Harmony also conducted extensive exploration in respect to the Day Dawn Project with over 2,400 exploration holes drilled at various prospects in the area. Resistivity and induced polarisation surveys were also undertaken in the Yellow Taxi area, and open pit mining was undertaken at Rubicon and Try Again East prospects of the Day Dawn Project, and cutbacks at Great Fingall, Try Again and Yellow Taxi.

In 2009, Fulcrum acquired the Big Bell Project, Day Dawn Project and the Cuddingwarra tenements, which later on-sold these assets to Aragon Resources.

In 2011, Westgold Resources acquired the Big Bell Project, Day Dawn Project and the Cuddingwarra tenements via a successful takeover of Aragon Resources. Westgold Resources recommenced exploration of the Big Bell Deeps, satellite deposits and Big Bell Trend Targets and drilled a number of RC and DD holes.

In 2012, Metals X Limited merged with Westgold Resources and took ownership of the Big Bell Project, Day Dawn Project and the Cuddingwarra tenements.

In 2012, Silver Lake commenced open pit and underground mining at the Tuckabianna Project, however soon placed the Tuckabianna Project on care and maintenance due to disappointing performance.

In 2016, Westgold (including the Fortnum Operations, Cue Operations and Meekatharra Operations) were demerged from Metals X Limited.

In 2017, Westgold acquired the Tuckabianna Project from Silver Lake.

Since acquiring the Cue Operations, Westgold has undertaken numerous exploration, development and mining activities.

At the Big Bell Project, Westgold commenced dewatering of the Big Bell mine and undertook extensive mine rehabilitation. The first ore from development of the upper levels of the Big Bell Project was mined in November 2018, and production is ongoing to date. As at June 30, 2023, the restarted Big Bell underground mine has produced 3.1 Mt at 2.49 g/t for 247,136 oz. The Fender open pit was cut-back and produced first ore in June 2020 with mining complete by November 2020 having produced 130 kt at 2.15 g/t for 9,013 oz. Production of ore from the 700/1100 open pit also commenced in June 2020 with mining complete by October 2020 having produced 45 kt at 2.29 g/t for 3,324 oz. In October 2023, first ore from the Fender Underground was produced and is still ongoing to date.

Westgold has continued to undertake resource development activities to support the continuing mining operations at the Big Bell and Fender mines. Due to the current match between Big Bell mine output and the Tuckabianna Mill feed requirements, as well as the significant Mineral Resource base already defined at the Cue Operations, grassroots exploration efforts to identify new Mineral Resources has been sporadic to this point in time.

At the Day Dawn Project, Westgold commenced a cut back on the existing Great Fingall open pit in 2018 with ore hauled from August 2018 to May 2020. Total production was 620,353 t at 1.28 g/t for 25,536 oz with the pit floor now at the 830 mRL. In 2018, Westgold commenced open pit mining at Yellow Taxi and South Fingall. In 2019, Westgold commenced mining at the Kinsella and Crème D'Or pits. By mid-2020, Westgold completed all mining at the Day Dawn Project for a total of 1.29 Mt at 1.45 g/t for 60,138 oz.

Westgold undertook resource development activities at the Day Dawn Project during this time, primarily to extend the continuation of open pit mining operations and to define the down dip extent of the Great Fingall mine. Westgold

has continued to progress ongoing resource development work at the Great Fingall mine post-cessation of the open pit mining at the Day Dawn Project.

At the Cuddingwarra Project, Westgold commenced open pit mining from the Lady Rosie and South Victory deposits in 2020. In 2021, Westgold mined additional ore from the Jim's Find and Coventry open pits and cutbacks on the existing City of Chester pits. By mid-2022, Westgold completed all mining at the Cuddingwarra Project for a total of 742 kt at 1.70 g/t for 40,608 oz.

Westgold undertook resource development and exploration activities at the Cuddingwarra Project during this time, primarily to extend the continuation of open pit mining operations. However, no additional resources of sufficient scale and return on investment were defined to keep the mining fleet active in the area beyond 2022.

At the Tuckabianna Project, Westgold has continued production at the Comet underground mine since the demerger of Westgold from Metals X Limited. Combined with the adjacent Pinnacles underground mine, which commenced production in 2019, the Comet underground mine produced 1.41 Mt at 3.17 g/t for 143,993 oz, before being placed on care and maintenance in mid-2022.

Westgold undertook resource development activities at the Tuckabianna Project during this time, primarily to support the continuing mining operations at Comet and Pinnacles. Due to the current match between the Big Bell mine output and the Tuckabianna Mill feed requirements, as well as the significant Mineral Resource base already defined at the Cue Operations, grassroots exploration efforts to identify new Mineral Resources has been sporadic to this point in time.

Geological Setting, Mineralization and Deposit Types

The Cue Operations are located in the Achaean Murchison Province, a granite-greenstone terrane in the northwest of the Yilgarn Craton. Greenstone belts trending north-northeast are separated by granite-gneiss domes, with smaller granite plutons also present within or on the margins of the belts.

The greenstone belts comprise tholeiitic and high-Mg basalts, komatiites and other ultramafic volcanics, mafic and ultramafic intrusives (dolerites, gabbros, dunites), felsic and intermediate volcanics and metasediments including banded iron formations. A definitive stratigraphic succession per se cannot be established for the greenstone belts as outcrop mapping and geochronological studies have shown inconsistencies in previous stratigraphic schemes.

The Big Bell Greenstone Belt is comprised of variably altered and intensely sheared, north-northeast-trending amphibolites and felsic schists. The muscovite and biotite-altered rocks hosting gold mineralisation at Big Bell are informally referred to as the Big Bell Mine Sequence.

Mineralisation at the Big Bell Project is hosted within a shear zone and is associated with the post-peak metamorphic retrograde assemblages. Stibnite, native antimony and trace arsenopyrite are disseminated through the K-feldspar-rich lode schist. These are intergrown with pyrite and pyrrhotite, which are noted in most rocks of the Mine Sequence, and chalcopyrite. Mineralisation outside the typical Big Bell host rocks (KPSH), for example 1,600N and Shocker, also display a very strong W-As-Sb geochemical halo.

The Cuddingwarra Project area encloses three lithological sequences:

- a high-Mg basalt and basalt sequence in the west;
- intercalated komatiites and high-Mg basalts, with minor tholeiitic basalts and dolerite units in the centre of the project area, which are punctuated by numerous early granodioritic intrusives and quartz-feldspar porphyries; and
- a sequence of sediments and volcaniclastics in the east.

Numerous gold deposits occur within the Cuddingwarra Project area, the majority of which are hosted within the central mafic-ultramafic ± felsic porphyry sequence. Structural analyses indicated the presence of at least three separate deformation episodes. Within this broad framework, mineralisation was shown to be spatially related to the D2 and D3 events, with gold tenor maximised where structures from both were coincident. Mineralisation is controlled by competency contrasts across, and flexures along, layer-parallel D2 shear zones, and is maximised when transected by corridors of northeast striking D3 faults and fractures.

A significant degree of supergene remobilisation of gold has occurred within the deep and intense weathering profile and is an important mechanism controlling economic concentrations of gold.

The Day Dawn Project tenements cover a section of the Meekatharra-Wydege Greenstone Belt extending approximately 35km southwest from Cue. The strike of this belt changes, from north-northeast to north, just to the south of Mount Fingall (approximately 13 km southwest of Cue), due to drag on the Cuddingwarra Shear Zone.

The lithological units of the greenstone belt within the project area are correlated with the Gabanintha Formation. The 3km thick sequence consists of predominantly extrusive basic volcanics and their intrusive counterparts, which may be divided into three broad groups:

- Hangingwall Basalts;
- Great Fingall Dolerite; and
- Footwall Basalts.

The Great Fingall Dolerite is a large (up to 600m thick), differentiated tholeiitic sill that strikes north-northeast and dips 60-70° west-northwest. It extends over a strike length of at least 16km, from Cue in the north (where it is terminated against the Cue Gabbro and a post-folding granodiorite) to the Cuddingwarra Shear Zone in the vicinity of Lake Austin in the south.

The Great Fingall Dolerite is a major lithological control on gold mineralisation, thought largely to be driven by its brittle nature and high competency contrast with the surrounding rocks of the Hangingwall Basalts and Footwall Basalts.

The Tuckabianna Project area lies in the Archaean Murchison Province within a northeast trending supracrustal greenstone sequence comprising various volcanic, intrusive and sedimentary rocks that form part of the Luke Creek Group. Mineralisation is concentrated within the lower formations of the Group (Golconda Formation and Gabanintha Formation), which dominate the greenstone belt in the district.

Mineralisation at the Tuckabianna Project is associated with the Tuckabianna Shear Zone (also referred to as the Comet - White Well Shear Zone), a broad (1 to 2km wide), north-northeast trending zone of intense deformation and alteration stretching the entire 30km length of the Tuckabianna Project area. The shear zone is a portion of the much larger Mount Magnet-Meekatharra Shear Zone, which extends at least 180km between these two main mining centres and beyond. The shear zone is very poorly exposed and marked by deep weathering.

Exploration

Westgold non-drilling regional exploration activities for gold mineralisation within the Cue Operations tenements has been limited to the collection of aeromagnetic and gravity data within the Day Dawn region, and a small aeromagnetic survey in the Cuddingwarra region. These new datasets, along with the compilation of extensive historic exploration datasets, has been used to generate exploration targets for subsequent drill testing.

The completed exploration targeting using available datasets has resulted in the drill testing of multiple prospects / targets to date with the majority of these being within the Day Dawn and Cuddingwarra Regions, with minor programs conducted in the Big Bell area.

Westgold has recently completed a further round of targeting within the Cue Operations region which has highlighted 14 exploration targets that are scheduled for drill testing during FY2024 and FY2025 (along with various resource definition targets).

Drilling

Since its acquisition of the Cue Operations, Westgold has drilled 6,954 Exploration, Resource Development and Grade Control holes for 228,258m. Drilling was completed for the purpose of development of gold resources as well as exploration for new gold deposits. The total drill holes and metres by type are shown in Table 4.

Table 4: Cue Operations drill hole database– number of holes and metres drilled between May 1, 2011 and June 30, 2023.

<u>Drill Type</u>	<u>Number of Holes</u>	<u>Metres</u>
Air Core (AC)	546	25,248
Diamond Core (DDH)	541	111,571
Rotary Air Blast (RAB)	57	2,849
Reverse Circulation (RC)	5,810	188,590
Grand Total	6,954	328,258

The majority of the completed drilling (particularly the DDH) pertains to grade control and resource definition programs at the primary Big Bell underground mine, the Fender and Pinnacles underground mines and the Great Fingall Development project. These drilling programs have been very successful in both replacing and building the Mineral Resources as detailed below.

Westgold has also undertaken various drilling programs across many other historic mining areas building open pit resources which have subsequently been mined (e.g., Yellow Taxi, Jims Find, City of Chester, City of Sydney etc), or are pending mining (Indicator & Accelerator).

The drilling density at these deposits is considered sufficient to define the geometry and extent of the mineralisation for the purpose of estimating the gold mineral resources given the understanding of the local project geology, structure and confining formations. Further drilling will be undertaken in the future as deemed appropriate by Westgold in-line with project development and company strategy.

Sampling, Analysis and Data Verification

Westgold has employed various drill sample collection processes for exploration and resource definition drilling at the Cue Operations.

For AC and RAB drilling, samples are collected from the rig return via a cyclone in 1m intervals placed on the ground. Based on geological logging (rock type, alteration, etc.) the drilled intervals are sampled on 1 to 4 composite intervals with the samples collected by a dedicated Westgold sample transport team and delivered to the laboratory. The samples are analysed for gold and multi-elements. Being oxide or transitional in nature, samples are analysed via multi-element aqua regia analysis. Upon return of results, any composite intersections of 0.1 g/t and above are resampled at 1m splits for further analysis. Full QA/QC Procedures are applied as described below.

For RC drilling, samples are collected at the cyclone and the residual material is retained on the ground near the hole. A cone splitter has typically been used which is located directly below the cyclone, delivering approximately 3kg of the recovered material into pre-numbered calico bags for analysis. The use of a cone splitter is more suitable for wet samples. Based on geological logging (rock type, alteration, etc.) the drilled intervals are sampled on 1 to 4m intervals. If any anomalous assays are received from composited intervals, the 1m interval sample is then submitted for analysis. Ordinarily the 1m interval sample is submitted in the first instance. The samples are then collected in poly-weave bags which are then loaded into bulka bags and are collected by a dedicated Westgold sample transport team and delivered to the laboratory.

For personal use only

For DD, the diamond drill core is cleaned, laid out, measured and logged on site by geologists for lithology, alteration, mineralisation and structures. Structural measurements, alpha and beta angles, are taken using a kenometer core orientation tool or a Reflex IQ Logger on major lithological contacts, foliations, veins and major fault zones, and are recorded based on orientation lines scribed onto the core by the drillers. Multiple specific gravity ("SG") measurements are taken per hole in both ore and waste zones. Depending on the project requirements, the diamond core will be drilled to PQ, HQ3, and NQ2 core diameter and either be whole core, half core or quarter core sampled. Sample intervals are based on geology, with a minimum 0.2m to maximum 1.0m sample size. Before sampling, the diamond core is photographed wet and dry, and the generated files stored electronically on the Imago platform. The core is cut at the sample line and either full, half or quarter core is taken according to the geologist's instructions and placed into numerically marked calico sample bags ready for dispatch to the laboratory.

QA/QC Procedures are applied to all drilling samples and involve the insertion of Certified Reference Materials (a sample with a known gold grade certified by third party laboratories) and "blank" samples (a sample known to contain no gold) into the sampling runs to confirm the assay laboratory accuracy and precision.

Westgold implements various sample security protocols to maintain the chain of custody of samples, to prevent inadvertent contamination or mixing of samples, and to render active tampering as difficult as possible. Sampling is conducted by Westgold staff or contract employees under the supervision of site geologists.

Mineral Processing and Metallurgical Testing

The Tuckabianna Mill, which comprises a 1.4Mtpa conventional CIL processing plant, services the Cue Gold Operations and has been in operation since 2013, and continuously operated by Westgold since 2018. The mill is currently being fed by the Big Bell SLC operation and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 82.2% to 90.2% with an average of 87.0%.

Various historical metallurgical test-work programs prior to Westgold's ownership and subsequent programs have been used to understand potential impacts during crushing and milling as new production sources come online. Of course, many of the current and planned ore sources have significant operating histories and known metallurgical performance. As new production sources are delineated, testing is conducted to assess whether the metallurgy will vary significantly from the anticipated responses.

For the Tuckabianna Mill, feed characterisation, classification and recovery test-work is conducted on new production sources as required. Typical metallurgical test-work comprises the following:

- Head assay determination;
- Ball mill work index determination and Abrasion index testing;
- Grind establishment to 106 µm;
- Gravity recovery;
- Leach test on the gravity tail with the following set points:
 - pH 9.5;
 - CN at 200 ppm;
 - 40% solids with site water; and
 - 48 hours leach time.

Diagnostic leach test-work may also be carried out if the standard leach test shows lower than expected recoveries.

Mineral Resource and Mineral Reserve Estimates

The current Mineral Resource and Mineral Reserve estimate for the Cue Gold Operations is summarised in Table 5 and Table 6 below.

Mineral Resource and Mineral Reserve estimations are undertaken in-house by highly experienced and appropriately qualified geologists and mining engineers. Independent reviews of this work are undertaken by reputable consultants at appropriate intervals.

Table 5: Cue Gold Operation Mineral Resources at June 30, 2023.

Cue Gold Operations

Mineral Resource Statement - Rounded for Reporting

30/06/2023

Project	Measured			Indicated			Measured and Indicated			Inferred		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Big Bell	5,498	3.08	544	9,917	3.23	1,030	15,415	3.18	1,574	8,942	2.73	785
Cuddingwarra	85	1.66	5	1,600	1.63	84	1,685	1.63	88	597	1.50	29
Day Dawn	58	1.73	3	3,776	4.63	562	3,834	4.58	565	2,339	4.29	322
Tuckabianna	267	3.54	30	3,448	2.78	308	3,715	2.84	339	2,899	2.63	245
Stockpiles	481	1.64	25	3,744	0.70	85	4,225	0.81	110	0	0.00	0
Total	6,389	2.96	607	22,485	2.86	2,068	28,875	2.88	2,676	14,777	2.91	1,381

Notes:

1. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. It is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. However, there is no certainty an upgrade to the Inferred Mineral Resources would occur or what proportion would be upgraded to Indicated Mineral Resources.
4. The Gold Mineral Resource is estimated using a long-term gold price of A\$2,750/oz.
5. The Gold Mineral Resource for the Cue Operations is reported using either a 0.7 g/t Au or 1.0 g/t Au cut-off for open pits and above an RL or optimised pit shell. A 1.5 g/t Au, 1.8 g/t or 2.0 g/t cut-off grade as best fits the deposit is used for underground projects and above an RL if appropriate. Stockpile Gold Mineral Resources are reported insitu.
6. Mineral Resources are depleted for mining as of June 30, 2023.
7. To best represent 'reasonable prospects of eventual economic extraction' the majority of the mineral resources for open pits have been reported within optimised pit shells at various prices between A\$1,950/oz and A\$2,600/oz. For underground resources, areas considered sterilised by historical mining are removed from the Mineral Resource estimation.
8. Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add up due to rounding.
9. CIM Definition Standards (2014) were followed in the calculation of Mineral Resources.
10. Gold Mineral Resource estimates were prepared under the supervision of Qualified Person J. Russell, MAIG (General Manager Technical Services, Westgold Resources).

For personal use only

The Mineral Reserve estimate is summarised in Table 6.

Table 6: Cue Gold Operations Mineral Reserves at September 30, 2023.

Cue Gold Operations

Ore Reserve Statement - Rounded for Reporting

30/06/2023

Project	Proven			Probable			Proven and Probable		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Big Bell	3,573	2.85	327	6,270	3.31	668	9,843	3.14	995
Cuddingwarra	0	0.00	0	98	1.77	6	98	1.77	6
Day Dawn	0	0.00	0	1,944	5.08	317	1,944	5.08	317
Tuckabianna	0	0.00	0	683	3.00	66	683	3.00	66
Stockpiles	481	1.64	25	3,744	0.70	85	4,225	0.81	110
Total	4,054	2.71	353	12,739	2.79	1,141	16,793	2.77	1,494

Notes:

1. The Mineral Reserve is reported at varying cut-off grades per based upon economic analysis of each individual deposit.
2. Key assumptions used in the economic evaluation include:
3. A metal price of A\$2,750/oz gold for underground operations and A\$2,600/oz gold for open pit operations.
4. Metallurgical recovery varies by deposit.
5. The cut-off grade takes into account operating, mining, processing/haulage and G&A costs, excluding capital.
6. The Mineral Reserve is depleted for all mining to June 30, 2023.
7. The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
8. The Mineral Reserve tonnages and grades are estimated and reported as delivered to plant (the point where material is delivered to the mill) and is therefore inclusive of ore loss and dilution.
9. CIM Definition Standards (2014) were followed in the calculation of Mineral Reserves.
10. Gold Mineral Reserve estimates were prepared under the supervision of Qualified Person L Devlin, FAusIMM.

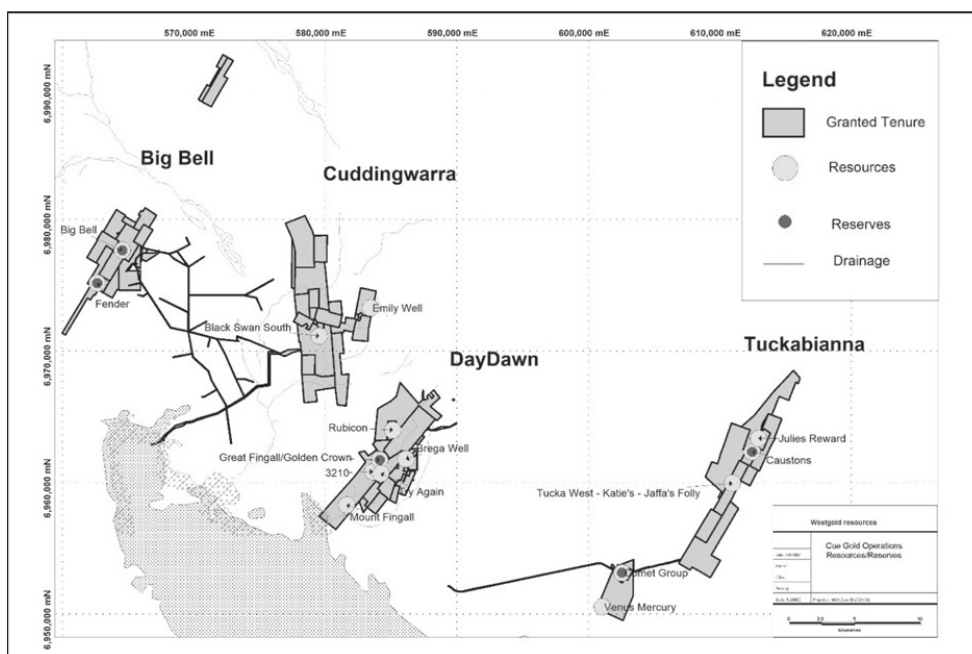


Figure 6: Location of Westgold Cue Operations Mineral Resources and Mineral Reserves effective 30 June 2023.

For personal use only

Mining Operations

Westgold utilises a combination of SLC, LHOS and conventional uphole retreat mining techniques in relation to the Cue Operations (Big Bell uses both SLC and LHOS, while Fender only uses LOHS).

For SLC and LHOS mining, the current LHOS stope design dimensions are 25m to 30m high and vary in width from 5m to 30m with 10m stope strike lengths. SLC design is on a ring-by-ring basis (2.8m long) with sub levels at 25m spacing in a longitudinal methodology. Currently backfilling is not employed at the Big Bell Project, however the transition to LHOS will require paste filling all underground stoping voids. Paste filling infrastructure will be purchased and installed throughout the underground workings to ensure a consistent paste and production profile. It is expected that rehabilitation will be required throughout the Big Bell mine during the mine life. This rehabilitation will potentially require some stripping and removing of loose rock and rusted or damaged ground support elements and the supporting of these development ends. This is a reasonably fast and inexpensive task but should be planned within the jumbo efficiencies and cycles to optimise access development and new stope zones.

For convention uphole retreat mining, conventional jumbo drill and blast methods will be used to establish the decline and lateral development. Escape ways will be created using raise-bore techniques. Depending on the size and longevity, the return airway system will use either a large diameter raisebore or smaller diameter raisebore before stripping out to final airway dimensions. Ore development in the orebody will be 5.0mW x 5.0mH. Development drives will be established along the strike of the orebody at 20m vertical sub-level intervals. It is expected that the stope lengths will be between 20m and 40m as dictated by operational and production requirements, however the final lengths will be determined on a case-by-case basis after geotechnical and geological analysis. Once a predetermined number of fanned drill rings have been drilled, the holes are loaded with explosives and blasted towards the void previously established. Once blasted, the broken material is removed from the stopes using underground loaders. A percentage of the blasted material can be removed using manual control of the loaders where the operator sits in the machine. Once the stope brow is open to such an extent that the top of the bucket could be positioned beyond the brow of the stope, the remaining ore in the stope will be bogged with the loader being operated by remote control. When the entire stope has been mined out, rib pillars will be left based upon grade, where possible, and geotechnical considerations before establishing the next stope along the ore drive. Following extraction of the stope, subsequent stopes are mined in a similar way with stoping horizon retreating laterally to the level access and vertically down-dip. Stope ore will be trammed to a stockpile on the level access where it is later loaded on to dump trucks for haulage to the mine ROM pad. To ensure long term stability sill pillars are left at pre-determined intervals to break up the vertical span within the orebody.

Processing and Recovery Operations

The Tuckabianna Mill services the Cue Operations and has been operated by Westgold since 2018. The mill comprises a 1.4 Mtpa conventional carbon in leach processing plant. The Tuckabianna Mill consists of an open circuit jaw crusher followed by closed circuit secondary crushers, a fine ore bin, ball mill, gravity separation circuit, three leach tanks and six carbon adsorption tanks.

The Tuckabianna Mill is primarily fed by the Big Bell underground mine and supplemented with oxide and primary stockpiles (ore from the Fender mine is hauled north to the Bluebird Mill). Gold recoveries depend on the ore sources and range from 82.2% to 90.2% with an average of 87.0%.

During FY24, Westgold transitioned the Tuckabianna Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 6.1MW Solar array with a 2.5MW battery storage system.

The Cue Operations have a paddock style tailings storage facility with currently 12 months of storage capacity. This facility has an already permitted future lift providing a further 12 months of capacity and Westgold is currently permitting a new in-pit tailings storage facility located at Tuckabianna West. This facility is estimated to provide approximately 4.5 years of storage capacity based on current processing rates.

The Tuckabianna Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

For personal use only

All necessary plant services are available to support the operation of the Tuckabianna Mill. Raw water is sourced from various disused open pits and a number of water bores in the vicinity of the Tuckabianna Mill. Potable water is sourced from a Novatron 26.5 m³/day RO unit using raw water as the feed water and utilised in the process plant, administration building and workshop / stores.

Infrastructure, Permitting and Compliance Activities

The Cue Operations is a well-established mine which has services and infrastructure consistent with an isolated area operating mine. Infrastructure specific and available to the Cue Operations include:

- 1.4 Mtpa processing plant and supporting infrastructure;
- a hybrid power stations;
- medical facilities;
- an accommodation village in Cue;
- administration blocks and training buildings;
- fuel storage and dispensing facilities;
- wastewater treatment plants;
- water storage and distribution facilities; and
- tailing storage facilities.

The current workforce of approximately 300 people primarily consists of FIFO workers from Perth. Westgold runs dedicated charter flights from Perth to Cue Airport three times a week (Mondays, Thursdays, and Fridays) with capacity for the entire FIFO workforce. Additionally, the FIFO workers are supplemented by workers who reside in regional towns such as Geraldton.

Westgold adheres to the regulatory framework established by the Mining Act, which ensures responsible mining practices throughout the entire mine life cycle. To ensure comprehensive planning and responsible mine closure, detailed mining proposals have been prepared by Westgold to meet the conditions of tenure and to conduct mining in accordance with the Mining Act. The mining proposals also incorporate mine closure plans that detail the steps for post-mining rehabilitation, to ensure the long-term stability and safety of the sites. DEMIRS has approved the mining proposals and mine closure plans for all of Cue Operations' project areas.

Westgold holds all licences for activities such as mine dewatering, material screening, ore processing and waste management. Tuckabianna Mill operates under all necessary permits, with Westgold responsible for compliance with environmental regulations for both mining and processing activities.

Capital and Operating Costs

Westgold has a long history of cost information for capital and operating costs and to the extent possible, mining, processing and site administration costs were derived from actual performance data, in addition to recent supplier quotations. As such, these costs are well understood and allow enough detail for Mineral Reserves to be declared.

Westgold incurs the following capital and operating costs in relation to the Cue Operations:

- **(Underground)** The costs are scheduled based on combination of first principles and internal underground contractor unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate.

Personnel quantities (including mine management, supervision, underground personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights and accommodation.

Capital costs include non-sustaining capital for ventilation infrastructure upgrades and new equipment and sustaining capital in the form of mine development extending the decline, ventilation and electrical network.

- **(Open Pit Mining)** The costs are scheduled based on contractor unit costs. Fixed and variable costs have been included as appropriate. Personnel quantities (including mine management, supervision, open pit personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation. Capital costs have been separated.
- **(Processing and Tailings Storage Facilities)** The costs are scheduled based on first principles unit costs and the scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities (including mill management, supervision, mill operators and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation.

Sustaining capital expenditure is allocated for tailings lifts, plant and process improvements including process optimisation, ongoing processing equipment costs (replacements, rebuilds and major overhauls), and other infrastructure replacement, including water security and electrical infrastructure.

- **(General and Administration)** The costs are scheduled based on first principles unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities have been calculated from the activity required in the scheduled physicals and used to calculate salaries and wages.
- **(Royalties)** Gross royalties are calculated as respective percentage of block revenue less all relevant deductions applicable to that royalty.

The Net Smelter Royalties calculation takes into account revenue factors, metallurgical recovery assumptions, transport costs and refining charges. The site operating costs vary between royalty and commodity and can include mining cost, processing cost, relevant site, transport, general and administration costs, and relevant sustaining capital costs.

- **(Closure Costs)** Closure costs are based on detailed estimates prepared under the Mine Closure Plan.

Exploration, Development, and Production

Westgold is currently expanding production at CGO with two new development projects underway: Great Fingall and Big Bell Deeps LHOS.

Westgold continues to progress bringing the historic Great Fingall mine back into production after a highly successful resource definition drilling program was completed during FY23 which expanded the Mineral Resources to 4.3Mt @ 4.3g/t Au for 599Koz Au. To date the new decline has been driven from Great Fingall across to Golden Crown (~700m) and is making the first turn back towards Great Fingall. It is currently expected that the decline will reach the virginal parts of the Fingall Reef in late FY25. In addition to the push to the virginal mineralisation at depth, the Company has been drill testing the shallower "Fingall Flats" reefs which are located beneath the historic open pit. These reefs are being investigated as a potential early ore source.

The Big Bell mine expansion is progressing as the decline development accessing the Big Bell Deeps longhole open stop mine continues. Infrastructure establishment is also progressing with drilling of the large surface paste delivery holes underway. Westgold also continues to progress drilling at the Big Bell mine, with a focus on extending and optimising the mine plan for the long hole open stop mine below the pegmatite.

Westgold non-drilling regional exploration activities for gold mineralisation within the CGO tenements has been limited to the collection of aeromagnetic and gravity data within the Day Dawn region, and a small aeromagnetic survey in the Cuddingwarra region. These new datasets, along with the compilation of extensive historic exploration datasets, has been used to generate exploration targets for subsequent drill testing.

The completed exploration targeting using available datasets has resulted in the drill testing of multiple prospects / targets to date with the majority of these being within the Day Dawn and Cuddingwarra Regions, with minor programs conducted in the Big Bell area.

Westgold has recently completed a further round of targeting within the CGO region which has highlighted 14 exploration targets that are scheduled for drill testing during FY2024 and FY2025 (along with various resource definition targets).

Meekatharra Gold Operations

Property Description, Location and Access

The Meekatharra Operations are owned by Big Bell Gold Operations Pty Ltd, a wholly owned subsidiary of Westgold and comprise the Meekatharra North, Nannine, Paddy's Flat, Reedy's and Yaloginda Mineral Fields, an accommodation village, the Bluebird Mill, 227 mineral leases (as of June 30, 2023) and two underground mining operations being the Paddy's Flat and Bluebird underground mines.

Westgold acquired the Meekatharra Operations on May 14, 2014 with the Nannine Project area subsequently being added to the package on December 24, 2014. The Bluebird Mill is located at Yaloginda, Western Australia, approximately 15km south-southwest of the town of Meekatharra. The Bluebird Mill has a capacity of 1.8 Mtpa.

The Meekatharra Operations span over 227 active mining tenements across approximately 731 km², which are wholly owned by Westgold, through its wholly owned subsidiary, Big Bell Gold Operations Pty Ltd. In accordance with Australia's mining law, these tenements are subject to expenditure commitments, rent, local rates and annual reporting obligations. As at the date of this Circular, the tenements comprising the Meekatharra Operations are in good standing and are supported by Westgold's strong compliance with regulatory reporting requirements. The tenements comprising the Meekatharra Operations are subject to various risks, which are further detailed in the Section titled "*Risk Factors*" in this Appendix L.

Westgold pays various royalties on gold production from the Meekatharra Operations, including royalty of 2.5% of recovered gold to the Government of Western Australia and various other third-party royalties effecting certain tenements that were negotiated in the ordinary course of business and on arm's length terms.

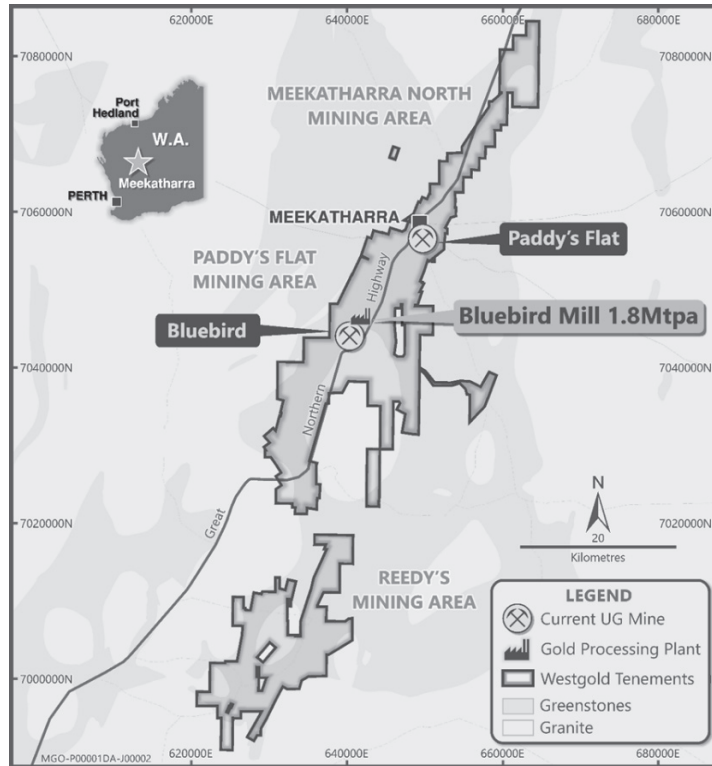


Figure 7: Meekatharra Operations Asset Map

History

The area that encompasses the Meekatharra Operations and its five constituent mineral fields have had a long history of gold exploration and mining, with Meekatharra being one of the later Western Australian gold rush sites.

The Meekatharra North area historically has been the least developed mineral field within the Meekatharra Operations. The most significant historical producer, Five Mile Well, was previously operated as the 'Gold King', and consisted of a shallow open pit (a result of detonating unwanted army explosives from a cross-cut in the small underground workings) and small shafts on quartz veins. No production figures were reported to the relevant Government body.

Modern 'discovery' holes were completed in 1984 by Endeavour Resources ("**Endeavour**"), drilling under the historic 'Gold King' workings. Further resource definition was completed in 1985 to 1987. Endeavour mined an open pit in 1989, producing 185,000t at 1.91 g/t Au for 11,400oz.

The Paddy's Flat area has been mined since the discovery of gold in the area in 1888. Mining has concentrated principally on high-grade structures that cross-cut the central Paddy's Flat shear zone. Based on the available data, it appears likely that Paddy's Flat area has historic production in the order of 14.8 Mt at 3.9 g/t for 1.85 Moz of gold. The Paddy's Flat area has undergone three periods of exploration over the last 110 years. Early exploration involved the sinking of exploration and prospecting shafts in the early 1900s and exploration drives along the line of mineralisation from underground mines. Only minor amounts of information survive from this period in the form of a few assay plans of the upper levels of the Fenian and Consols underground mines. Subsequently, near-surface mineralisation at Paddy's Flat was extensively explored via drilling and open pit exploitation from the early 1980s. Attention switched back exploration for underground resources from the 1990's.

Information on past exploration and production in the Yaloginda area is limited until the mid-1990s due primarily to periods of private ownership of the project and as such no requirement for public record keeping. During the mid-

1990s, St Barbara Mines Ltd acquired the project and subsequently undertook a significant drilling program to assess the potential for strike and depth extensions to the previously mined deposits of the Yaloginda area.

Yaloginda deposits have been mined at various stages in the past. Recorded production occurred between 1910 and 1911, 1935 and 1936 and intermittently from 1980. Predominantly production has been from large-scale open pits exploiting both oxide and fresh rock resources. It was during the period from 1980 that the large-scale infrastructure in the Yaloginda area including the Bluebird Mill, administration and accommodation complexes were developed.

The Nannine Project area was the location of the first gold discovery in the Meekatharra district, leading to the proclamation of the Murchison goldfield in 1891. Small scale open pit and underground mining occurred in the area from this time through to the late 1930's.

Endeavour commenced open pit mining in the area in the mid 1980's with several significant open pits including Aladdin, Baily's Island and Caledonian developed by Endeavour and subsequent operators.

The Reedy's area has a history of intermittent gold exploration and production commencing in the 1930's through to the period immediately preceding Westgold's involvement in the project.

Western Mining was the principal operator in the district from the 1930's through to the 1970's during which time they developed the significant Triton underground mine which produced 245,277 oz of gold. Metana Minerals NL and Gold Mines of Australia Limited subsequently developed a series of significant open pits in the Reedy's area, including South Emu, Rand and Boomerang – Kurara.

Westgold's predecessor, Metals X Limited, acquired the core of the Meekatharra Operations on May 14, 2014, from the administrator of GMK Exploration Pty. Ltd. The assets included in this initial transaction comprised the Bluebird processing, administration and accommodation complexes, and the Meekatharra North, Paddy's Flat, Yaloginda and Reedy's mineral fields. The Nannine Project area was subsequently added to the package on December 24, 2014, again from the administrators of GMK Exploration Pty. Ltd.

In 2014, Metals X Limited undertook a feasibility study on returning the Meekatharra Operations to operation, which ultimately led to open pit mining in the Yaloginda district in late June 2015, and underground mining at Paddy's Flat in August 2015. The Bluebird Mill was refurbished and recommissioned in parallel, with the first gold bar under Metals X Limited's ownership being poured in October 2015.

In 2016, Metals X Limited demerged its gold business into Westgold Resources Limited. Since the demerger, open pit mining campaigns have been undertaken at Reedy, followed by Yaloginda, Meekatharra North and Nannine. Underground mining has taken place at Reedy's and is ongoing at Paddy's Flat and Bluebird.

Geological Setting, Mineralization and Deposit Types

The Meekatharra Operations are located in the Achaean Murchison Province, part of the granite-greenstone Youanmi Terrane in the northwest of the Yilgarn Craton. Greenstone belts trending north-northeast are separated by granite-gneiss domes, with smaller granite plutons also present within or on the margins of the belts. The greenstone belts comprise tholeiitic and high-Mg basalts, komatiites and other ultramafic volcanics, mafic and ultramafic intrusives (dolerites, gabbros, dunites), felsic and intermediate volcanics and metasediments including banded iron formations.

The available geochronological data indicate that most felsic volcanic rocks formed between c. 2,750 Ma and 2,700 Ma, but some older volcanic rocks are present at least locally. Whether these represent typical ages of the mafic components of the greenstone belts is unknown because mafic rocks are difficult to date directly, and field relationships with the felsic rocks are uncertain.

The Meekatharra Operations can be subdivided into five major geological domains:

- Meekatharra North;

- Paddy's Flat;
- Yaloginda;
- Nannine; and
- Reedy's.

The Meekatharra North area is located to the north of the Haveluck open pit, extending to the northern limit of the Westgold tenement package, approximately 15km to the northeast. The area includes the eastern contact of the Chunderloo shear zone, running along the western side of the tenement group. To the east is a sequence of chlorite schists, interflow sediments, chlorite-talc schists, with small granitic intrusions and felsic porphyry dykes. Within and at the contact of the Chunderloo shear zone, rocks have undergone amphibolite facies metamorphism, but elsewhere are mid-to upper-greenschist facies.

Three existing deposits are known at Meekatharra North and have seen open pit mining by Westgold: Five Mile Well, Maid Marion and Sabbath. Five Mile Well is a quartz veined fault / shear zone that trends twenty degrees east of the regional foliation trend. Maid Marion is related to near-surface enrichment and silicification of a possible sulphide facies BIF, with intersections at depth within banded silica-chlorite-pyrite rock of unknown origin.

The geology of the Paddy's Flat area is a simple sediment - mafic, ultramafic and intermediate volcanic succession. The mafic volcanic - sedimentary succession is present in the western parts of Paddy's Flat and consists of tholeiitic basalt flows with thin bands of interflow sediment. A thick (>50 m) package of volcanoclastic sediment and banded iron-formation (BIF) is present near the top of the sequence. Tholeiitic basalt is variably deformed and contains abundant vesicles that are now filled with chlorite and chalcedony. Rare channel-like structures, possibly related to de-gassing of the lava and the presence of rare pillow structures suggest a submarine environment. Drill core shows that the basal contacts with sediments are often diffuse and suggest minor melting of the underlying sediment. In contrast, the upper contacts of flows are well defined and show sediment infilling of surface features. The volcanoclastic sediments are intermediate in composition and grain size ranges from fine ash to lapilli and graded bedding is evident in fresh exposures. The fine nature of the bedding laminations and the small-scale graded bedding suggest deposition in a water column. The BIF varies from an iron carbonate +/- magnetite BIF, to a chert - magnetite BIF. Individual BIF units range from less than 2 m to 40 m in width and are generally strongly magnetic.

The ultramafic volcanic succession and schistose equivalents represent the dominant lithotype of the eastern part of Paddy's Flat. Undeformed ultramafics are mostly grey to dark blue massive aphyric high-Mg basalt. Rare relicts of pillows and spinifex texture can be seen in low strained domains. The ultramafic rocks display a wide range of strain from undeformed to highly schistose and the schists typically exhibit talc-chlorite +/- carbonate assemblages. In areas of moderate strain, this lithotype develops a brecciated texture with fragments of darker, less altered high-Mg basalt surrounded by quartz-chlorite-talc veins.

Within the eastern parts of the ultramafic sequence, cumulate textured peridotite is evident within some drill holes. The peridotite now consists of a talc-carbonate-serpentine-rutile rock with primary textures well preserved. It is believed that these peridotite pods reflect the basal parts of thick ultramafic lava flows.

The intermediate volcanic succession is located along the eastern margin of the Paddy's Flat area and consists of andesite and intermediate volcanoclastic. The intermediate volcanic succession is best exposed in the Macquarie pit in the northeast of the Paddy's Flat area where andesite and volcanoclastic rocks are present along the east wall of the pit. Andesitic volcanic rocks are also evident in outcrop immediately to the east of Paddy's Flat and have been encountered in the upper parts of drill holes located along the eastern margin of Paddy's Flat.

Felsic porphyries (porphyritic microgranite) are present along the length of the Paddy's Flat area and are most prevalent within and along the western contact of the sheared ultramafic succession. The porphyries commonly contain quartz and plagioclase phenocrysts (altered to albite), with rare muscovite phenocrysts also present. The intrusives form dyke-like bodies that vary from 2 to 20 m in thickness, and pinch and swell along strike. In some areas, the porphyries pinch out for several to tens of metres. The 3D geometry of the porphyry bodies is complicated by the pinch and swell,

but the host structure is somewhat consistent in orientation and geometry. In the northern part of Paddy's Flat, the quartz-plagioclase porphyry appears to be unmineralised. Within the Halcyon open pit, a plagioclase-rich porphyry hosts mineralisation.

The structure of the Paddy's Flat mining area is primarily controlled by a significant structural corridor referred to as the Paddy's Flat Shear Zone. At the local-scale, the Paddy's Flat Shear Zone is resolved into several sub-parallel ductile shear zones with associated brittle-ductile faulting. The central part of the shear system has developed on, or close to the boundary between the mafic volcanic succession and the ultramafic succession and has been intruded by a line of semi-continuous felsic porphyry dykes. At least two subsidiary shear zones are developed immediately to the east of the central shear zone.

Folding of the sequence has occurred prior to, or early in the development of, the Paddy's Flat Shear Zone, and numerous brittle faults are developed late in the formation of the shear zone. Folding of the stratigraphy at Paddy's Flat is best preserved within the sediments of the mafic volcanic succession. The folds show an open to tight rounded geometry within the banded iron-formation and vary from rounded to chevron within the volcanoclastic sediments. Fold axes plunge moderately toward the south-southeast, with variability in plunge related to non-cylindrical fold development. An axial planar foliation is well developed throughout the mafic and ultramafic rocks at Paddy's Flat, with lesser development of the foliation in the sediments. The orientation and style of folding observed locally at Paddy's Flat is consistent with the regional Polelle Syncline located to the northeast.

The central Paddy's Flat shear zone is host to most of the high-grade gold mineralisation at Paddy's Flat and is likely the controlling structure for mineralisation at a regional scale. The shear zone displays a complex array of ductile and brittle-ductile structures that both focus and offset mineralisation indicating a long-lived movement history. The porphyry emplaced along the shear zone, and extensive alteration related to fluid migration along the shear, have been instrumental in developing a rheological contrast across the shear zone that has resulted in a change from ductile deformation to brittle deformation. The margins of the porphyry have also channelled early gold bearing fluids that have formed lodes along one or both contacts of the porphyry.

The mineralisation at Paddy's Flat can be classified into three groups which, in part, relate to the host lithology and style of veining. The three styles of mineralisation are summarised as:

- Sulphide replacement BIF hosted gold.
- Quartz vein-hosted shear-related gold.
- Quartz-carbonate-sulphide stockwork vein and alteration related gold.

The three styles of mineralisation represent a general progression from west to east across the Paddy's Flat area.

The Yaloginda area is a gold-bearing Archaean greenstone belt situated 15 km south-southwest of Meekatharra and encompasses the Bluebird Mill adjacent to the Great Northern Highway. The deposits in the area are hosted in a strained and metamorphosed volcanic sequence that consists primarily of ultramafic and high-magnesium basalt with minor komatiite, peridotite, gabbro, tholeiitic basalt and interflow sediments. The sequence was intruded by a variety of felsic porphyry and intermediate sills and dykes.

Deformation in the area is complex and heterogeneously distributed, rocks are strongly foliated to completely undeformed. Early regional-scale recumbent, isoclinal folding was followed by variably developed, upright north-northeast to north-northwest trending folding that dominates the structural trends in the area. Some of the felsic porphyry intruded into the hinge zones during the development of these folds. Differential and progressive deformation during this episode led to the development of similar trending, steeply-dipping, mainly reverse dextral fault and shear systems that nucleated on fold limbs and hinge zones. Rheological differences resulted in the focussing of strain at contacts between different lithotypes.

Gold mineralisation is not limited to a particular rock type at Yaloginda. Instead, the location of mineralisation is structurally and rheologically controlled. Mineralisation styles fit into two main categories, shear zone and vein related

style. In shear zone style mineralisation, pervasive zones of metasomatism and associated low-grade mineralisation have resulted from gold-bearing fluid that has exploited the vertically connective fault and shear systems and high-strain domains that developed late during north-northeast to north-northwest trending folding. Alteration assemblages proximal to gold typically include quartz, iron carbonate, pyrite, +/- fuchsite, +/- chlorite +/- sericite, with distal halos of weak iron-carbonate +/- mica alteration.

Vein related gold is associated with zones of intense, variably orientated quartz +/- carbonate +/- chlorite veining, commonly with sulphides within veins or their selvages. Veins tend to overprint rocks with coarse textures at structurally complex sites, such as at the contact of rheologically contrasting units, or the intersection of stronger rocks and fault or shear zone structures. Favourable vein orientations for gold mineralisation include moderate to shallow dipping east-west striking veins, horizontal veins, and arrays of sigmoidal (tension gash) veins. Tension gash kinematics are generally top-to-the west, consistent with the reverse dextral kinematics on the fault-shear zone systems. Gold is locally enriched in the vicinity of brittle to semi-brittle cross structures that include late steep northeast-southwest to east-west trending faults that displace mineralisation.

In the Nannine area, the Meekatharra-Mount Magnet Archaean greenstone belt is dominated by a sequence of intercalated tholeiitic mafic volcanic rocks and silicified, ferruginous sedimentary rocks locally referred to as BIF. It is stratigraphically overlain by massive ultramafic intrusive and extrusive rocks, high-Mg tholeiitic basalt, and minor felsic volcanic rocks, which have been intruded by post-kinematic granodiorite-tonalite plutons to the west and east.

The Meekatharra-Mount Magnet greenstone belt wraps around the western margin of the syn-kinematic Norie pluton. There are significant changes in the orientation of the greenstone belt in the Nannine area. Volcanic-sedimentary rocks are transected by two major, sinuous north-northeast trending faults; the Gabanintha-Bluebird-Reedy and Reedy-Kurara shears.

In the Nannine area, there are two major changes in the orientation of the greenstone belt. North of Aladdin, the volcanic-sedimentary package trends north. Between Aladdin and Caledonian, the rocks trend north-northwest. South of Caledonian there is a return to north-trending stratigraphy. This kink matches the convex western margin of the Norie Pluton and appears to reflect broadly east-west compression and competency contrast between the granite and adjacent volcanic-sedimentary rocks.

At Bailey's Island, there is a sharp bend in orientation from north to west-northwest. A wedge-shaped segment of the greenstone belt extends three kilometres into the adjacent Western Nannine granitoid, south of the Bailey's Island open pits. Here two moderately magnetic units of mafic and ultramafic volcanic rocks appear to abut the granite pluton. This structural discontinuity is interpreted to reflect dextral displacement along a major east trending crustal scale structure, prior to emplacement of the post-kinematic granite.

There are two dominant structures. Layer-parallel shears occur at different stratigraphic positions within the volcanic-sedimentary succession. Many of these appear to ramp up through stratigraphy, locally truncating individual units. East of Caledonian, these layer-parallel structures converge into a single shear separating the Golconda and Gabanintha formations, forming a v-shaped structural trend. North-northeast to northeast trending sinuous shears are associated with dextral offset of volcano-sedimentary units. Some of these can be traced into the adjacent granitoids. They appear to have been active during and after the layer-parallel shears.

Aladdin and Caledonian lie on a major north-northeast trending dextral fault, the Caledonian-Aladdin shear zone, previously referred to as Caledonian shear. This structure cuts across the volcanic-sedimentary rocks and extends north into the Norie Pluton and south into the Western Nannine granitoid. In the Caledonian pit, this structure separates a unit of intercalated mafic volcanic and sedimentary rocks from the Western Nannine granitoid. However, north of the pit, the tonalite-mafic volcanic contact swings around to the west. In the Aladdin pit, the Caledonian-Aladdin shear cuts across the top of the intercalated volcanic-sedimentary unit obliquely, at a high angle to the bedding trend. Within the Aladdin pit, there is a change in orientation of the Caledonian-Aladdin shear from northeast to east-northeast.

The eastern margin of the Western Nannine granitoid extends up to 1.5 km east of the Caledonian-Aladdin shear zone, at depth beneath the unit of intercalated mafic volcanic and sedimentary rocks. This has important implications for fluid flow along structures in the overlying volcanic-sedimentary unit.

The Reedy's gold deposits occur within a north-south trending part of the Meekatharra - Wydgee Greenstone belt composed of volcano-sedimentary sequences and separated multiphase syn- and post-tectonic granitoid complexes. Structurally controlled gold mineralisation occurs at the sheared contacts of dolerite, basalt, ultramafic schist, quartz-feldspar porphyry, and shale.

The Reedy's gold deposits occur within two lineaments or structural corridors. The western lineament corresponds to the Reedy Shear Zone along which gold mineralisation extends over 15 kilometres. The second lineament to the east sits on a structural corridor called the Turn of the Tide Shear Zone. It corresponds to the northern extension of the Mount Magnet Shear Zone. Both shear zones are located on either side of the Culculli Granitoid complex.

Two main mining centres are located along the Reedy Shear Zone (RSZ). A northern centre including the Phoenix-Kurara and the Boomerang deposits, and a southern centre hosting mineralisation at Jack Ryan, Missing Link, Rand, and South Emu-Triton.

The RSZ is flanked by a steeply dipping, folded, west facing Archaean sequence of tuffaceous pelitic sediments, mafic and ultramafic volcanics and dolerites from east to west. Black shale horizons occur in the vicinity of the sediment and mafic contact, and a series of banded iron units occur at higher levels in the mafic sequence. Syn-deformation to late quartz-feldspar porphyritic microgranites intruded the greenstone sequence within the broad vicinity of the RSZ. The RSZ is generally developed layer parallel to the greenstone sequence. It is marked by strong flattening, mylonite development and occasional breccia zone. A combination of separate dip-slip and strike-slip displacement has been documented.

Gold is controlled in the first instance by the RSZ and deposited within this structure which is parallel to the axial plane cleavage of regional folds such as the Polelle syncline to the east of Meekatharra. Locally, gold is systematically concentrated in small volumes or shoots. Two main shoot orientations have been documented in the RSZ. One is shallowly plunging, probably overall horizontal, whilst the other corresponds to a steep to vertical southern plunge.

Deformation and mineralisation occur within a zoned alteration envelope characterised by biotite, carbonate, albite, and silica replacement and sulphidation of wall rocks. The common occurrence of black shale against the lode may account for a chemical control on the gold mineralisation. Quartz stockwork veining occurs in some areas.

The Turn of the Tide Shear Zone is located 6 km east of the Reedy Shear Zone and is host to the mineralisation at Turn of the Tide, Culculli Group and Thompson's Bore. The shear zone is trending toward the north-northeast and constitutes a portion of the strongly mineralised Mount Magnet shear zone. Mineralisation at Turn of the Tide and Culculli dips steeply toward the east and is hosted in highly foliated to mylonitic intermediate meta-volcanic rocks bound to the west by meta-basalt, and to the east by a volcano-sedimentary sequence including banded iron-formation, volcanic derived sediment, and meta-basalt. Quartz +/- tourmaline veins are common and are locally associated with disseminated pyrite in the wall rock. In the fresh rock the mineralised zone appears to be associated with strong sericite-carbonate alteration. The Thompson's Bore mineralisation is located within the banded iron-formation sequence 5 km north of Turn of the Tide and Culculli. Mineralisation at Thompson's Bore is evident as quartz veining and minor sulphidation along the contacts of the banded iron-formation.

Exploration

Westgold non-drilling regional exploration activities for gold mineralisation within the Meekatharra Operation tenements has been limited to the collection of aeromagnetic and gravity data within the Reedy's, Norie and Yaloginda regions. These new datasets, along with the compilation of extensive historic exploration datasets, has been used to generate exploration targets for subsequent drill testing.

Westgold has recently completed a further round of targeting within the Meekatharra Operations region which has highlighted 7 greenfields exploration targets that are scheduled for drill testing during FY2024 and FY2025, including Emerald Bore, Haveluck, Duifken, Maylands, Norie, Euro and Reedy West (along with various resource definition targets – South Junction, Boomerang/Kurara and Triton).

Drilling

Since taking ownership of the Meekatharra Operations, Westgold drilled has drilled 11,324 Exploration, Resource Development and Grade Control holes for 703,475m. Drilling was completed for the purpose of development of gold resources as well as exploration for new gold deposits. The total drill holes and metres by type are shown in Table 7.

Table 7: MGO drill hole database– number of holes and metres drilled between May 14, 2014 and June 30, 2023.

<u>Drill Type</u>	<u>Number of Holes</u>	<u>Metres</u>
Air Core (AC)	1,234	62,058
Diamond Core (DDH)	2,955	422,108
Reverse Circulation (RC)	7,135	219,309
Grand Total	11,324	703,475

The majority of the completed drilling (particularly the DDH) pertains to grade control and resource definition programs at Bluebird, Paddy's Flat and South Emu-Tritton underground mines. These drilling programs have been very successful in both replacing and building the Mineral Resources as detailed below.

Westgold has also undertaken various drilling programs across many other historic mining areas building open pit resources which have subsequently been mined (e.g., Sabbath and Alladin, etc.), or are pending mining (e.g., Albury Heath).

The drilling density at these deposits is considered sufficient to define the geometry and extent of the mineralisation for the purpose of estimating the gold mineral resources given the understanding of the local project geology, structure and confining formations. Further drilling will be undertaken in the future as deemed appropriate by Westgold in-line with project development and company strategy.

Exploration drilling testing greenfields targets has only been a priority in recent years with the focus being on the Meekatharra North (Banjo Bore) and Reedy's region. This has involved both AC and RC drilling programs.

Sampling, Analysis and Data Verification

Westgold has employed various drill sample collection processes for exploration and resource definition drilling at the Meekatharra Operations.

For aircore drilling, samples are collected from the rig return via a cyclone in 1m intervals placed on the ground. Based on geological logging (rock type, alteration, etc.) the drilled intervals are sampled on 1 to 4 composite intervals with the samples collected by a dedicated Westgold sample transport team and delivered to the laboratory. The samples are analysed for gold and multi-elements. Being oxide or transitional in nature, samples are analysed via multi-element aqua regia analysis. Upon return of results, any composite intersections of 0.1 g/t and above are resampled at 1m splits for further analysis. Full QA/QC Procedures are applied as described below.

For RC drilling, samples are collected at the cyclone and the residual material is retained on the ground near the hole. A cone splitter has typically been used which is located directly below the cyclone, delivering approximately 3kg of the recovered material into pre-numbered calico bags for analysis. The use of a cone splitter is more suitable for wet samples. Based on geological logging (rock type, alteration, etc.) the drilled intervals are sampled on 1m to 4m intervals. If any anomalous assays are received from composited intervals, the 1m interval sample is then submitted for analysis. Ordinarily the 1m interval sample is submitted in the first instance. The samples are then collected in poly-weave bags which are then loaded into bulka bags and are collected by a dedicated Westgold sample transport team and delivered to the laboratory.

For DD, the diamond drill core is cleaned, laid out, measured and logged on site by geologists for lithology, alteration, mineralisation and structures. Structural measurements, alpha and beta angles, are taken using a kenometer core orientation tool or a Reflex IQ Logger on major lithological contacts, foliations, veins and major fault zones, and are recorded based on orientation lines scribed onto the core by the drillers. Multiple SG measurements are taken per hole

in both ore and waste zones. Depending on the project requirements, the diamond core will be drilled to PQ, HQ3, and NQ2 core diameter and either be whole core, half core or quarter core sampled. Sample intervals are based on geology, with a minimum 0.2m to maximum 1.0m sample size. Before sampling, the diamond core is photographed wet and dry, and the generated files stored electronically on the Imago platform. The core is cut at the sample line and either full, half or quarter core is taken according to the geologist's instructions and placed into numerically marked calico sample bags ready for dispatch to the laboratory.

QA/QC Procedures are applied to all drilling samples and involve the insertion of Certified Reference Materials (a sample with a known gold grade certified by third party laboratories) and "blank" samples (a sample known to contain no gold) into the sampling runs to confirm the assay laboratory accuracy and precision.

Westgold implements various sample security protocols to maintain the chain of custody of samples, to prevent inadvertent contamination or mixing of samples, and to render active tampering as difficult as possible. Sampling is conducted by Westgold staff or contract employees under the supervision of site geologists.

Mineral Processing and Metallurgical Testing

The Meekatharra Operations process its gold mineralised ore through the Bluebird Mill. The Bluebird Mill has been operated by Westgold continuously since September 2015, therefore local feed variability is well understood. Various test-work programs undertaken by Westgold dating back to 2015, and those carried out by previous operators at the site have been used to understand the potential impacts during crushing and milling as new production sources come online. As new production sources are delineated, testing is conducted to assess whether the metallurgy will vary significantly from the anticipated responses.

For the Bluebird Mill, feed characterisation, classification and recovery test-work is conducted on new production sources as required. Typical metallurgical test-work comprises the following:

- Head assays determination;
- Multi Element scans;
- Bond Work Index determination and Abrasion index testing;
- Grind establishment to 106 µm;
- Gravity recovery; and
- Leach test on the gravity tail with the following set points:
 - pH 10.0;
 - CN at 200 ppm;
 - 40% solids with site water; and
 - 24-48 hours leach time.

In addition to the above, extended leach test-work is sometimes required using additional reagents such as lead nitrate or increased oxygen addition. Diagnostic leach test-work may also be carried out if the standard leach test shows lower than expected recoveries.

Mineral Resource and Mineral Reserve Estimates

The current Mineral Resource and Mineral Reserve estimate for the Meekatharra Operations is summarised in Table 8 and Table 9 below, respectively. Mineral Resource and Mineral Reserve estimations are undertaken in-house by

highly experienced and appropriately qualified geologists and mining engineers. Independent reviews of this work are undertaken by reputable consultants at appropriate intervals.

Table 8: Meekatharra Operation Mineral Resources on June 30, 2023.

Meekatharra Gold Project

Mineral Resource Statement - Rounded for Reporting

30/06/2023

Project	Measured			Indicated			Measured and Indicated			Inferred		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Meekatharra North	0	0.00	0	97	1.98	6	97	1.98	6	75	2.11	5
Nannine	68	2.55	6	859	2.06	57	927	2.10	63	340	2.26	25
Paddy's Flat	1,033	4.03	134	10,593	1.70	579	11,626	1.91	713	2,415	1.86	144
Reedy's	458	3.74	55	3,055	2.55	250	3,513	2.71	306	8,883	2.44	697
Yaloginda	745	4.30	103	7,737	1.93	480	8,482	2.14	583	6,981	1.48	332
Stockpiles	656	1.50	32	0	0.00	0	656	1.50	32	0	0.00	0
Total	2,960	3.46	329	22,342	1.91	1,373	25,302	2.09	1,702	18,695	2.00	1,203

Notes:

1. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. It is reasonably expected that the majority of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. However, there is no certainty an upgrade to the Inferred Mineral Resources would occur or what proportion would be upgraded to Indicated Mineral Resources.
4. The Gold Mineral Resource is estimated using a long-term gold price of A\$2,750/oz.
5. The Gold Mineral Resource for CGO is reported using either a 0.5 g/t Au or 0.7 g/t Au cut-off for open pits and above an RL or optimised pit shell. A 1.5 g/t Au or 2.0 g/t cut-off grade as best fits the deposit is used for underground projects and above an RL if appropriate. Stockpile Gold Mineral Resources are reported insitu.
6. Mineral Resources are depleted for mining as of June 30, 2023.
7. To best represent 'reasonable prospects of eventual economic extraction' the majority of the mineral resources for open pits have been reported within optimised pit shells at various prices between A\$1,950/oz and A\$2,600/oz. For underground resources, areas considered sterilised by historical mining are removed from the Mineral Resource estimation.
8. Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add up due to rounding.
9. CIM Definition Standards (2014) were followed in the calculation of Mineral Resources.
10. Gold Mineral Resource estimates were prepared under the supervision of Qualified Person J. Russell, MAIG (General Manager Technical Services, Westgold Resources).

The Mineral Reserve estimate is summarised in Table 9.

Table 9: Meekatharra Operation Mineral Reserves on June 30, 2023

Meekatharra Gold Project

Mineral Reserve Statement - Rounded for Reporting

30/06/2023

Project	Proven			Probable			Proven and Probable		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Meekatharra North	0	0.00	0	0	0.00	0	0	0.00	0
Nannine	0	0.00	0	262	1.93	16	262	1.93	16
Paddy's Flat	117	3.54	13	420	3.47	47	538	3.49	60
Reedy's	57	3.35	6	398	3.42	44	455	3.41	50
Yaloginda	192	5.10	31	566	4.81	87	757	4.88	119
Stockpiles	656	1.50	32	0	0.00	0	656	1.50	32

Meekatharra Gold Project

Mineral Reserve Statement - Rounded for Reporting

30/06/2023

Total	1,022	2.51	83	1,646	3.67	194	2,668	3.23	277
--------------	--------------	-------------	-----------	--------------	-------------	------------	--------------	-------------	------------

Notes:

1. The Mineral Reserve is reported at varying cut-off grades per based upon economic analysis of each individual deposit.
2. Key assumptions used in the economic evaluation include:
3. A metal price of A\$2,750/oz gold for underground operations and A\$2,600/oz gold for open pit operations.
4. Metallurgical recovery varies by deposit.
5. The cut-off grade considers operating, mining, processing/haulage and G&A costs, excluding capital.
6. The Mineral Reserve is depleted for all mining to June 30, 2023.
7. The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
8. The Mineral Reserve tonnages and grades are estimated and reported as delivered to plant (the point where material is delivered to the mill) and is therefore inclusive of ore loss and dilution.
9. CIM Definition Standards (2014) were followed in the calculation of Mineral Reserves.
10. Gold Mineral Reserve estimates were prepared under the supervision of Qualified Person L Devlin, FAusIMM.

For personal use only

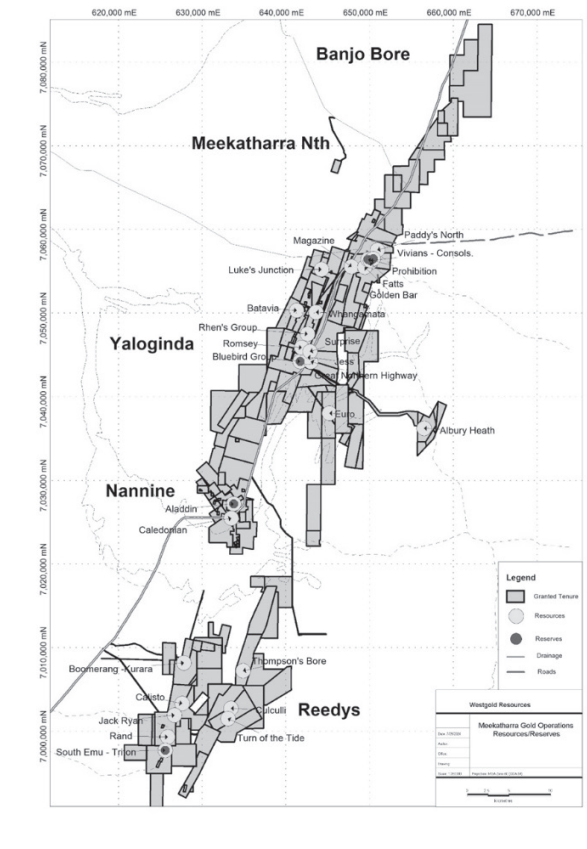


Figure 8: Location of Westgold MGO Mineral Resources and Mineral Reserves effective 30 June 2023

Mining Operations

Westgold utilises a combination of LHOS, conventional uphole bench retreat and open pit mining techniques in relation to the Meekatharra Operations.

For LHOS methods, mining blocks are delineated based on cut-off grade and are generally spaced at 20m intervals. Stopes are retreated to the cross-cut access. Stopes are backfilled with Cemented Rock Fill, loose fill or left as voids if filling is not practicable. Backfill is occasionally used to reduce open spans and maximise clean ore extraction. However, sill and rib pillars are predominantly used to reduce stoping spans. Handheld air leg mining is used frequently in shallow dipping and narrow ore lodes, utilising scrappers and small bidders. The development drives are supported with bolts and mesh where required and airleg stopes typically consist of slot rise and "bays" which is the area stripped out between rises. Stopes are supported with rock bolts and spans controlled by using a combination of rock pillars, timber props and sties.

Due to the differences in width as well as dip angle between the various orebodies, two variations of LHOS are employed at the Paddy's Flat mine:

- bench stoping; and
- Sub-level open stoping.

Both variants of LHOS follow a similar method. A slot is created in the first firing. After this, the stopes are long hole blasted into the lower extraction drive using 64, 76, or 89 mm production holes. A slot is created in the first firing, after this the stopes are longhole blasted into the lower extraction drive using 89mm production holes. Bench stopes are usually mined between two ore drives but can be designed as blind up-hole stopes. Sub-level open stopes will span across multiple levels and involve different drilling horizons. Both methods will generally utilise one bogging level for ore extraction.

For conventional uphole bench retreat, conventional jumbo drill and blast methods will be used to establish the decline and lateral development. Escape ways will be created using air leg mining or raise-bore techniques as appropriate. Exhaust airways will be established by first mining an air leg rise or by completing a box-hole raise. These will be stripped out to the final airway dimensions using longhole drilling and blasting techniques. In some circumstances longhole rises will be excavated without the use of a pilot raise as has become common in many mines.

Twenty metre sub levels will be developed along the ore contact. Ore development in the orebody will be 4.5 mW x 4.5 mH. Development drives will be established along the strike of the orebody at 20m vertical sub-level intervals. It is expected that the stope lengths will be between 20m and 32m guidance as dictated by operational and production requirements however the final lengths will be determined on a case-by-case basis after geotechnical and geological analysis. Once the bottom level has been established, a boxhole or longhole rise will be drilled and fired providing the initial void into which the rest of the stope will be fired into.

When the entire stope has been mined out a rib pillar will be left before establishing the next stope along the ore drive. Following extraction of the stope, subsequent stopes are mined in a similar way with stoping horizon retreating laterally to the level access and vertically down-dip. Stope ore will be trammed to a stockpile on the level access where it is later loaded on to dump trucks for haulage to the mine ROM pad.

For open pit mining, Westgold undertakes blast loading by excavator and trucks the waste rock to a dedicated waste rock dump area close to the pit and the ore is delivered to a local pit stockpile ready for road train haulage to the Bluebird Mill. Mining will take place in benches with flitch loading (on either 2.5m or 3m high flitches). The open pit operations require diligent ore control / grade control procedures and resources. Grade control RC drilling will be performed ahead of blasting when required with the drilling chip samples assayed. In combination with the planning block model, zones within the ore bench are demarcated (by coloured tape / spray or a combination of the two) to define if a parcel of ore is low grade, medium grade, or high grade. The post loading grade control process is important to ensure the reconciliation is in line with planning and to ensure ore modifying factors are reasonable and follow due process.

Processing and Recovery Operations

The Bluebird Mill services the Meekatharra Operations and has been operated by Westgold since 2015. The Bluebird Mill comprises a 1.8 Mtpa SABC conventional CIL processing plant with an open circuit jaw crusher followed by a

primary screen and secondary crusher, coarse ore stockpiles, grinding circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Bluebird Mill is primarily fed by the proximal Bluebird underground mine combined with primary ore hauled from the Fender mine at the Cue Operations some 140km to the south and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 82.9% to 92.7% (with the lower recoveries related to periods when Paddy's Flat ores were processed).

During FY24, Westgold transitioned the Bluebird Mill from being diesel powered to hybrid powered after commissioning a 10.7MW gas fired power station and 13.0MW Solar array with a 5MW battery storage system.

The Meekatharra Operations have a number of approved storage sites for the disposal of tailings with the Bluebird East in-pit tailings storage facility currently in use. Westgold is in the process of permitting the adjoining Great Northern Highway Pit which will provide a further 15 years of storage capacity.

The Bluebird Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Infrastructure, Permitting and Compliance Activities

The Meekatharra Operations are a well-established and have services and infrastructure consistent with an isolated area operating mine. Infrastructure specific and available to the Meekatharra Operations includes:

- 1.8 Mtpa processing plant and supporting infrastructure;
- a hybrid power stations;
- medical facilities;
- a 400 room accommodation village;
- administration blocks and training buildings;
- fuel storage and dispensing facilities;
- waste water treatment plants; and
- water storage and distribution facilities.

The current workforce of approximately 360 people primarily consists of FIFO workers from Perth. Westgold runs dedicated charter flights from Perth to Meekatharra Airport three times a week (Tuesdays, Wednesdays and Thursdays) with capacity for the entire FIFO workforce. Additionally, the FIFO workers are supplemented by workers who reside in regional towns such as Geraldton.

Westgold adheres to the regulatory framework established by the Mining Act, which ensures responsible mining practices throughout the entire mine life cycle. To ensure comprehensive planning and responsible mine closure, detailed mining proposals have been prepared by Westgold to meet the conditions of tenure and to conduct mining in accordance with the Mining Act. The mining proposals also incorporate mine closure plans that detail the steps for post-mining rehabilitation, to ensure the long-term stability and safety of the sites. DEMIRS has approved the mining proposals and mine closure plans for all of Meekatharra Operations' project areas.

Westgold holds all licences for activities such as mine dewatering, material screening, ore processing and waste management. The Bluebird Mill operates under all necessary permits, with Westgold responsible for compliance with environmental regulations for both mining and processing activities.

For personal use only

Capital and Operating Costs

Westgold has a long history of cost information for capital and operating costs and to the extent possible, mining, processing and site administration costs were derived from recent actual performance data, in addition to recent supplier quotations. As such, these costs are well understood and allow enough detail for Mineral Reserves to be declared.

Westgold incurs the following capital and operating costs in relation to the Meekatharra Operations:

- **(Underground)** The underground costs are scheduled based on combination of first principles and internal underground contractor unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities (including mine management, supervision, underground personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights and accommodation.

Capital costs include non-sustaining capital for ventilation infrastructure upgrades and new equipment and sustaining capital in the form of mine development extending the decline, ventilation and electrical network.

- **(Open Pit Mining)** The costs for open pit mining are scheduled based on contractor unit costs. Fixed and variable costs have been included as appropriate. Personnel quantities (including mine management, supervision, open pit personnel and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation. Capital costs have been separated.
- **(Processing and Tailings Storage Facilities)** The processing and tailing storage facilities costs are scheduled based on first principles unit costs and the scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities (including mill management, supervision, mill operators and maintenance) have been calculated from the activity required in the scheduled physicals and used to calculate salaries, wages, on costs, flights, and accommodation.

Sustaining capital expenditure is allocated for tailings lifts, plant and process improvements including process optimisation, ongoing processing equipment costs (replacements, rebuilds and major overhauls), and other infrastructure replacement, including water security and electrical infrastructure.

- **(General and Administration)** The general and administration costs are scheduled based on first principles unit costs and scheduled physicals. Fixed and variable costs have been included as appropriate. Personnel quantities have been calculated from the activity required in the scheduled physicals and used to calculate salaries and wages.
- **(Royalties)** Gross royalties are calculated as respective percentage of block revenue less all relevant deductions applicable to that royalty.

The Net Smelter Royalties calculation takes into account revenue factors, metallurgical recovery assumptions, transport costs and refining charges. The site operating costs vary between royalty and commodity and can include mining cost, processing cost, relevant site, transport, general and administration costs, and relevant sustaining capital costs.

(Closure Costs) Closure costs are based on detailed estimates prepared under the Mine Closure Plan.

Exploration, Development, and Production

In January 2024, Westgold commenced a major Mineral Resource definition drilling program at South Junction at Bluebird. The planned program comprises some 26,000m of diamond core drilling using three surface drill rigs and at times, one underground drill rig. The aim of the program is to test the southerly down plunge extensions of the Bluebird orebody (which plunges beneath the South Junction open pit) as well as the South Junction mineralisation

which also plunges to the south. The South Junction Mineral Resource definition program will continue throughout FY24.

Planning and permitting for Mineral Resource definition drilling programs to be undertaken at Boomerang – Kurara at Reedys have also commenced, with these programs planned to start in early FY25.

Greenfields/new mine exploration activities have continued building from the collection of new geophysical datasets in FY22 and FY23, which resulted in the definition of a number of high priority targets for drill testing. These drilling programs are ongoing.

DIVIDENDS OR DISTRIBUTIONS

Westgold has declared dividends on the Westgold Shares on the dates and in the amounts set forth in the table below.

<u>Date</u>	<u>Amount Per Share (A\$)</u>
August 30, 2021	A\$0.02
February 29, 2024	A\$0.01

In August 2023, Westgold announced an update to its dividend policy which reflects its commitment to sustainable and consistent returns to Westgold Shareholders. The updated policy seeks to pay a total annual ordinary dividend of at least A\$0.01 per Westgold Share each financial year, up to a maximum of 30% of free cash flow generated for the financial year.

Dividend payments will be made from free cash flows, with dividend franking being subject to the franking credit balance. The declaration and payment of dividends will be subject to:

- Westgold maintaining a minimum net cash balance of A\$100 million (after the payment of any dividend);
- Westgold satisfying the test set out in section 254T of the Corporations Act that:
 - Westgold's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
 - the payment of the dividend is fair and reasonable to Westgold Shareholders as a whole; and
 - the payment of the dividend does not materially prejudice Westgold's ability to pay its creditors; and
- the full discretion of the Westgold Board, taking into consideration Westgold's underlying financial performance and cash flow, commodity price expectations, balance sheet and treasury risk management, working capital needs and competing internal and external investment opportunities necessary for future growth, development and exploration and any other factors that the Westgold Board may consider relevant.

There can be no assurance that Westgold will generate sufficient earnings or cash flow to allow it to pay dividends in the future. Refer to the section entitled "*Risk Factors*" in this Appendix L for further information.

DESCRIPTION OF SECURITIES

The following summary of Westgold's authorized capital structure does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of the Corporations Act, ASX Listing Rules and the Westgold Constitution. Westgold is authorized to issue an unlimited number of Westgold Shares subject to Westgold Shareholder approval, where required under applicable laws or the ASX Listing Rules. As of the Last Practicable Date, 473,622,730 Westgold Shares are issued and outstanding.

For personal use only

The Westgold Shares are currently listed on the ASX under the symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXRF". Westgold has applied for its Westgold Shares to be listed on the TSX. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX.

Westgold has implemented an employee incentive plan pursuant to which Westgold is able to issue equity incentives to employees and directors ("**Westgold Plan**"). The Westgold Plan was approved by Westgold Shareholders at its Annual General Meeting on November 25, 2022. As at the Last Practicable Date, Westgold has issued 9,870,302 Westgold Performance Rights under the Westgold Plan, which are convertible into Westgold Shares on a one-for-one basis upon the satisfaction of the relevant performance and vesting conditions. The Westgold Performance Rights are not quoted securities on the ASX and cannot be freely traded.

Westgold Shares

There is only one class of Westgold Shares on issue in Westgold, being fully paid ordinary shares. The rights attaching to Westgold Shares are set out in the Westgold Constitution. A copy of the Westgold Constitution can be obtained from the Westgold website (<https://www.westgold.com.au/>) or upon request. The following is a summary of the key provisions of the Westgold Constitution. The summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Westgold Shareholders.

<p>General meetings and notices</p>	<p>The Westgold Directors may call a general meeting and the Westgold Directors must call an annual general meeting in accordance with the Corporations Act.</p> <p>Westgold Shareholders are entitled to be present in person, or by proxy, attorney or (in the case of a body corporate) by its representative appointed in accordance with the Corporations Act to attend and vote at general meetings of Westgold. Westgold Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.</p> <p>Subject to the provisions of the Corporations Act relating to special resolutions, special notice and agreements for shorter notice, at least 21 days' notice must be given for a Westgold Shareholders' meeting.</p> <p>The quorum for a meeting of Westgold Shareholders is two Westgold Shareholders.</p> <p>Westgold may hold a Westgold Shareholders' meeting using virtual technology only, or at two or more venues using any form of technology that gives Westgold Shareholders a reasonable opportunity to participate.</p>
<p>Voting rights</p>	<p>Subject to any rights or restrictions for the time being attached to any class or classes of Westgold Shares, at general meetings of Westgold Shareholders or classes of Westgold Shareholders:</p> <ul style="list-style-type: none"> • each Westgold Shareholder entitled to vote may vote in person or by proxy, attorney or representative or, if a determination has been made by the Westgold Board by direct vote; • on a show of hands, every person present who is a Westgold Shareholder or a proxy, attorney or representative of a Westgold Shareholder has one vote in respect of each Westgold Share carrying the right to vote; and • on a poll, every person present who is a Westgold Shareholder or a proxy, attorney or representative of a Westgold Shareholder (or where a direct vote has been lodged) shall, in respect of each Westgold Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Westgold Share held, but in respect of partly paid Westgold Shares shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Westgold Shares

For personal use only

	<p>(excluding amounts credited). All Westgold Shares offered under the Arrangement are fully paid Westgold Shares.</p> <p>Except where otherwise provided by the Corporations Act or the Westgold Constitution, every question decided by a general meeting of Westgold Shareholders is decided by a majority on a show of hands by persons present, unless a poll is effectively demanded or the chair decided that a poll will be held.</p> <p>A Westgold Shareholder present at a Westgold Shareholder meeting is not entitled to vote on any resolution in respect of any Westgold Shares on which any calls due and payable in respect of those Westgold Shares have not been paid.</p>
Proxy	A proxy appointed to attend and vote at a Westgold Shareholder meeting on behalf of a Westgold Shareholder has the same rights as the Westgold Shareholder to speak at the meeting.
Direct voting	The Westgold Board may determine that Westgold Shareholders may cast votes to which they are entitled on any or all of the resolutions (including any special resolution) proposed to be considered at, and specified in the notice convening, a meeting of Westgold Shareholders, by direct vote.
Dividend rights	Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference shareholders and to the rights of the holders of any Westgold Shares created or raised under any special arrangement as to dividends, the Westgold Board may from time to time decide to pay a dividend to the Westgold Shareholder entitled to the dividend which shall be payable on all Westgold Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Westgold Shares.
Issue of Westgold Shares	Subject to the Westgold Constitution and Corporations Act, Westgold Shares may be issued or otherwise disposed of by the Westgold Board in such manner as it thinks fit.
Transfer of Shares	Generally, Westgold Shares are freely transferable, subject to transfer formalities and any escrow requirements; the registration of the transfer not resulting in a contravention of or failure to, observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.
Proportional takeover provisions	The registration of a transfer of Westgold Shares which would give effect to a proportional takeover bid is prohibited unless and until a resolution approving the proportional takeover bid is passed at a Westgold Shareholders meeting. The proportional takeover provisions will cease to have effect on the third anniversary of the adoption of the Westgold Constitution, unless renewed.
Shareholder liability	As Westgold Shares to be issued under the Arrangement are fully paid ordinary shares in Westgold, they are not subject to any calls for money by the Westgold Board and will therefore not become liable for forfeiture.
Winding up	If Westgold is wound up, the liquidator may, with the authority of a special resolution, divide among Westgold Shareholders in kind the whole or any part of the property of Westgold, and may determine how the division is to be carried out as between Westgold Shareholders or different classes of Westgold Shareholders.
Variation of rights	<p>Pursuant to section 246B of the Corporations Act, Westgold may, with the sanction of a special resolution passed at a meeting of Westgold Shareholders vary or abrogate the rights attaching to Westgold Shares.</p> <p>If at any time the share capital is divided into different classes of Westgold Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Westgold is being</p>

	wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorized, by a special resolution passed at a separate meeting of the holders of the shares of that class.
Directors – appointment, retirement and removal	<p>The minimum number of Westgold Directors is three, and the maximum number of Westgold Directors is nine.</p> <p>Subject to the Corporations Act, Westgold may appoint a person as a Westgold Director by resolution passed in general meeting.</p> <p>The Westgold Board may appoint a Westgold Director either in addition to existing Westgold Directors or to fill a casual vacancy and such Westgold Director will hold office until the next annual general meeting.</p> <p>A Westgold Director must retire from office at the end of the third annual general meeting following that Westgold Director's last appointment or three years, whichever is longer.</p> <p>At each annual general meeting, one-third of Westgold Directors must retire from office, excluding any Westgold Director which is already required to submit to re-election in accordance with the Constitution and the Managing Director.</p> <p>Westgold may, subject to the Corporations Act, by resolution passed in general meeting remove any Westgold Director before the end of the Westgold Director's term of office or elect another person as a Westgold Director.</p>
Decisions of Directors	<p>Unless the Westgold Board determines otherwise, the quorum for a meeting of Westgold Directors is two Westgold Directors.</p> <p>A board resolution must be passed by a majority of the votes cast by Westgold Directors entitled to vote on the resolution.</p> <p>Subject to the Corporations Act and ASX Listing Rules, in case of an equality of votes on a resolution at a meeting of Westgold Directors, the chairperson of that meeting has a casting vote on that resolution in addition to any vote the chairperson has in his or her capacity as a Westgold Director in respect of that resolution.</p>
Restricted securities	<p>The Westgold Constitution complies with ASX Listing Rule 15.12. Certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) are required to execute a formal escrow agreement in the form of Appendix 9A to the ASX Listing Rules. For those with less significant holdings (such as non-related parties and non-promoters) Westgold will issue restriction notices to holders of restricted securities in the form of Appendix 9C to the Listing Rules advising them of the restriction rather than requiring signed restriction agreements.</p> <p>None of the Westgold Shares to be issued pursuant to the Arrangement will be subject to any ASX imposed or voluntary escrow restrictions.</p>
Alternation of Constitution	<p>The Westgold Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution at the general meeting. In addition, at least 21 days' written notice specifying the intention to propose the resolution as a special resolution must be given.</p>

Performance Rights

As of the Last Practicable Date, there are 9,870,302 Westgold Performance Rights outstanding to acquire the same number of Westgold Shares issued pursuant to the Westgold Plan. Each Westgold Performance Right carries an entitlement to one fully paid Westgold Share, subject to the vesting and exercise of the Westgold Performance Right. Vesting of a Westgold Performance Right is subject to the satisfaction of the relevant vesting conditions during the prescribed performance period. Any Performance Rights that do not vest after the end of the applicable performance

period will automatically lapse. No amount is payable by a holder of the existing Westgold Performance Rights upon conversion of the Westgold Performance Rights into Westgold Shares.

The following is a summary of the key provisions of the Westgold Plan. The summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of holders of Westgold Performance Rights. The information reproduced below is qualified in its entirety by the full text of the Westgold Plan, a copy of which is attached to this Appendix L as Exhibit E.

For personal use only

Eligibility	The Westgold Board may (in its absolute discretion) provide an offer to an eligible employee of a Westgold Group company to participate in the Westgold Plan (" Offer "). Where such person (or a permitted nominee of such person) accepts the Offer, he or she will become a participant under the Westgold Plan (" Participant ").
Issue Cap	Offers made under the Westgold Plan which require the payment of monetary consideration by the Participant in respect of the issue, transfer or exercise of an incentive are subject to an issue cap of 5% of the number of Westgold Shares on issue (as adjusted or increased as permitted by law and under the Westgold Constitution from time to time).
Offer	<p>The Westgold Board may make an Offer at any time. Where an Offer is made under the Westgold Plan which requires the payment of monetary consideration by the Participant in respect of the issue, transfer or exercise of an incentive then, subject to limited exceptions, the Offer must include the following information:</p> <ul style="list-style-type: none"> • the name and address of the person to whom the Offer is being made to; • the date of the Offer; • the first acceptance date (which must be at least 14 days after receiving the Offer) and the final acceptance date that the person can accept the Offer; • the number of options, performance rights or shares being offered and the maximum number which can be applied for; • the amount payable per incentive by the person on application for the incentives offered (if any), or the manner of determining such amount payable; • the conditions (if any) determined by the Board which are required to be satisfied, reached and met before an Incentive will be issued, and whether not it is issued subject to further vesting conditions; • the vesting conditions attaching to the incentive (if applicable); • the first exercise date and last exercise date of the incentives; • the exercise price (if any) or the manner of determining the exercise price of the incentives; • the vesting period (if any) of the incentives; • general information about the risks of acquiring and holding the incentives (and underlying Westgold Shares) the subject of the Offer; • a copy of the Westgold Plan; • any other specific terms and conditions applicable to the Offer; • to the extent required by applicable law: <ul style="list-style-type: none"> • an explanation of how an eligible employee could, from time to time, ascertain the market price of the Westgold Shares underlying the options or performance rights; • the terms of any loan or contribution plan under which an eligible employee may obtain incentives, or a summary of the terms of the loan together with a statement that the Participant can request a copy of the terms;

	<ul style="list-style-type: none"> the trust deed of any trust that will hold incentives on trust for an eligible employee, or a summary of the terms of the trust deed together with a statement that the Participant can request a copy of the trust deed; a copy of any disclosure document prepared by Westgold under Part 6D.2 of the Corporations Act in the 12 months before the date of the Offer; and any other information required by applicable laws; and a prominent statement to the effect that: <ul style="list-style-type: none"> any advice given by Westgold in relation to incentives issued under the Westgold Plan, and Westgold Shares issued upon exercise of the options or performance rights, does not take into account an eligible employee's objectives, financial situation and needs; and the eligible employee should obtain their own financial product advice in relation to the Offer from a person who is licensed by ASIC to give such advice.
Terms of Offer	The terms and conditions applicable to an Offer, and any accompanying document, must not include any misleading or deceptive statements, or omit any information that would result in those materials becoming misleading or deceptive. Westgold must provide the Participant with an updated Offer as soon as practicable after becoming aware that the document that was provided has become out of date, or is otherwise not correct, in a material respect.
Issue Price	The issue price (if any) in respect of the incentives granted under the Westgold Plan is as determined by the Westgold Board at its discretion.
Nominees	An eligible employee may, by notice in writing to the Westgold Board and subject to applicable laws, nominate a nominee in whose favour the eligible employee wishes the incentives to be issued. The nominee may be an immediate family member of the eligible employee, a corporate trustee of a self-managed superannuation fund where the eligible employee is a director of the trustee or a company whose members comprise no persons other than the eligible employee or immediate family members of the eligible employee. The Westgold Board may, in its sole and absolute discretion, decide not to permit the Incentives to be issued to a nominee.
Dealing	Incentives may not be sold, assigned, transferred or otherwise dealt with except on the death of the Participant in limited circumstances or with the prior consent of the Westgold Board.
Vesting	<ul style="list-style-type: none"> An incentive will vest when the Participant receives a vesting notice from Westgold confirming that the vesting conditions attaching to the incentives are met or waived. Westgold may, in its sole and absolute discretion, and subject to the ASX Listing Rules, reduce or waive any vesting conditions, and/or determine that an unvested incentive will immediately vest and become immediately exercisable upon: <ul style="list-style-type: none"> a takeover bid (as defined in the Corporations Act) becoming or being declared unconditional; a court sanctioning a compromise or arrangement relating to Westgold under Part 5.1 of the Corporations Act; any other merger, consolidation or amalgamation involving Westgold occurring which results in Westgold Shareholders immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;

	<ul style="list-style-type: none"> any Westgold Group company entering into agreements to sell in aggregate a majority in value of the businesses or assets of the Westgold Group to a person, or a number of persons, none of which are Westgold Group companies; or the Westgold Board determining in its reasonable opinion that control of Westgold has or is likely to change or pass to one or more persons.
Exercise of Incentive	Upon receiving a vesting notice with respect to their incentives, a Participant may exercise those incentives by delivery to Westgold's company secretary of the certificate for the incentives (if any), a signed notice of exercise and payment equal to the exercise price (if any) for the number of incentives sought to be exercised.
Lapse of Incentive	Unless otherwise determined by the Westgold Board, an incentive will not vest and will lapse on the earlier of: <ul style="list-style-type: none"> the Westgold Board determining that the vesting conditions attaching to the incentive have not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met; the day immediately following the last exercise date; or with respect of unvested incentives, the date the Participant ceases employment, engagement or office with Westgold, subject to certain exceptions.
Issue of Westgold Shares on Exercise of an Incentive	Following exercise of the options or performance rights, Westgold will, subject to the terms of Westgold's relevant policies, issue or transfer Westgold Shares to that Participant and apply for official quotation or listing of those Westgold Shares on the ASX if applicable. Unless and until the options or performance rights have been exercised and the relevant Westgold Shares issued to that Participant as a result of that exercise, a Participant has no right or interest in those Westgold Shares. Westgold Shares issued upon exercise of the options or performance rights will rank equally in all respects with existing Westgold Shares, except for entitlements which had a record date before the date of the issue of that Westgold Share.
Adjustment of Options and Performance Rights	If, prior to the vesting of an option or performance right, there is a reorganisation of the issued share capital of Westgold (including a consolidation, sub-division or reduction of capital or return of capital to Westgold Shareholders), the number of options or performance rights to which a Participant is entitled will be adjusted in a manner required by the ASX Listing Rules.
Clawback	If the Westgold Board determines that: <ul style="list-style-type: none"> a Participant (or eligible employee who has nominated a nominee to receive the incentives) at any time: <ul style="list-style-type: none"> has been dismissed or removed from office for a reason which entitles a Westgold Group company to dismiss the Participant (or eligible employee) without notice; has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Westgold Group company; has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Participant (or eligible employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Westgold Group company; has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);

	<ul style="list-style-type: none"> • is in material breach of any of his or her duties or obligations to a Westgold Group company; or • has done an act which brings a Westgold Group company into disrepute, <p>then the Westgold Board may determine that all unvested Westgold Shares held by the Participant will be forfeited and any options or performance rights held by the Participant will lapse; and</p> <ul style="list-style-type: none"> • there has been a material misstatement in Westgold's financial statements or some other event has occurred which, as a result, means that the relevant vesting conditions (if any) to an incentive which has vested were not, or should not have been determined to have been satisfied, then the Participant shall cease to be entitled to those vested incentives and the Westgold Board may: <ul style="list-style-type: none"> • by written notice to the Participant cancel the relevant options or performance rights for no consideration or determine that the relevant Westgold Shares are forfeited; • by written notice to the Participant require that the Participant pay to Westgold the after-tax value of the relevant incentives, with such payment to be made within 30 Business Days of receipt of such notice; or • adjust fixed remuneration, incentives or participation in the Westgold Plan of a relevant Participant in the current year or any future year to take account of the after-tax value of the relevant incentives.
Amendments to the Westgold Plan	Subject to and in accordance with the ASX Listing Rules, the Westgold Board may amend, revoke, add to or vary the Westgold Plan (without the necessity of obtaining the prior or subsequent consent or approval of Westgold Shareholders), provided that rights or entitlements in respect of any option, performance right or Westgold Share granted before the date of the amendment shall not be reduced or adversely affected without the prior written consent of the Participant affected by the amendment.

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization

As at the Last Practicable Date, Westgold has 473,622,730 Westgold Shares and 9,870,302 Westgold Performance Rights on issue.

The following table sets out the consolidated capitalization of Westgold as at March 31, 2024, prior to giving effect to the Arrangement and after giving effect to the Arrangement. The information below is derived from Westgold's interim condensed financial report for the three and nine months ended March 31, 2024, which is included as Exhibit B to this Appendix L and should be read in connection with such financial statements and the corresponding management's discussion and analysis included as Exhibit C to this Appendix L.

	Amount Outstanding as at March 31, 2024 (prior to giving effect to the Arrangement)	Amount Outstanding as at March 31, 2024 (after giving effect to the Arrangement)¹
Westgold Shares (No. of Westgold Shares)	473,622,730	945,354,750
Performance Rights (No. of Westgold Performance Rights)	9,309,304	9,870,302
Total Equity (A\$)	639,697,069	1,371,214,002 ²
Total Borrowings (A\$)	40,953,058	169,487,101 ³

Total Capitalisation (A\$)

1,240,891,553

2,476,829,445⁴

Notes:

- Except as described below or in the section entitled "*Prior Sales*" in this Appendix L, there have no material changes in Westgold's share and debt capital, on a consolidated basis, since March 31, 2024 until the Last Practicable Date:
 - On April 17, 2024, Westgold issued 816,656 Westgold Performance Rights under the code WGXAH and an expiry date of October 1, 2026; and
 - On April 17, 2024, Westgold announced 255,658 Westgold Performance Rights under the code WGXAH had lapsed due to the relevant vesting conditions not being met or have become incapable of being satisfied.
- Calculated as Westgold equity prior to giving effect to the Arrangement and Karora equity of C\$370,781,000 converted into Australian dollars using A\$: C\$0.8827, being the last recorded Bank of Canada exchange rate as at March 28, 2024, with adjustments made per the pro forma financial information set out in Appendix M.
- Calculated as Westgold interest bearing loans and borrowings and Karora lease liabilities of C\$25,187,000 converted into Australian dollars using A\$: C\$0.8827, being the last recorded Bank of Canada exchange rate as at March 28, 2024, with adjustments made per the pro forma financial information set out in Appendix M.
- Calculated as Westgold's last closing price of A\$2.62 per Westgold Share as at March 28, 2024 multiplied by the Westgold Shares on issue after giving effect to the Arrangement.

For information regarding the consolidated capitalization of the Combined Company, both before and after giving pro-forma effect to the Arrangement, see "*Pro Forma Consolidated Capitalization*" of Appendix M to this Circular.

RIGHTS TO ACQUIRE SECURITIES

Performance Rights

As of the Last Practicable Date, Westgold has an aggregate of 9,870,302 Westgold Performance Rights outstanding in three tranches. Details of the outstanding Westgold Performance Rights are as follows:

Position with Westgold	Amount Outstanding as at the Last Practicable Date (WGXAH) ¹	Amount Outstanding as at the Last Practicable Date (WGXAG) ²	Amount Outstanding as at the Last Practicable Date (WGXAF) ³
Officers	569,118	586,420	203,551
Directors	760,541	385,233	202,435
Other employees	4,877,276	1,530,656	755,072
Consultants	Nil	Nil	Nil
Other	Nil	Nil	Nil
TOTAL:	6,206,935	2,502,309	1,161,058

Notes:

- Westgold Performance Rights (WGXAH Class) are subject to various vesting conditions (which must be satisfied during the performance period commencing on July 1, 2023 and ending on June 30, 2026) and expire on October 1, 2026.
- Westgold Performance Rights (WGXAG Class) are subject to various vesting conditions (which must be satisfied during the performance period commencing on July 1, 2023 and ending on June 30, 2025) and expire on October 1, 2025.
- Westgold Performance Rights (WGXAF Class) are subject to various vesting conditions (which must be satisfied during the performance period commencing on July 1, 2021 and ending on June 30, 2024) and expire on June 30, 2024.

Each Westgold Performance Right carries an entitlement to one fully paid Westgold Share, subject to the vesting and exercise of the Westgold Performance Right. Vesting of a Westgold Performance Right is subject to the satisfaction of the relevant vesting conditions during the prescribed performance period. Any Performance Rights that do not vest after the end of the applicable performance period will automatically lapse. No amount is payable by a holder of the existing Westgold Performance Rights in respect of the Westgold Shares allocated upon vesting.

The Westgold Performance Rights are subject to a service condition, which requires continued employment of the holder for the duration of the performance period, as well as the following performance conditions:

	Percentage Vested (WGXAH)	Percentage Vested (WGXAG)	Percentage Vested (WGXAF)
Growth in Relative Total Shareholder Return (RTSR) 1	25%	30%	25%
Growth in Absolute Total Shareholder Return (ATSR) 2	25%	30%	25%
Growth in Absolute Total Earnings Per Share (AEPS) 3	25%	30%	25%
Ore Reserve Growth 4	25%	10%	-
Operational Growth 5	-	-	25%

Notes:

1. The RTSR performance condition is measured against a defined peer group of companies over the performance period, which the Westgold Board considers compete with Westgold for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the total shareholder return performance of Westgold.
2. The ATSR performance condition will vest subject to the performance of Westgold's total shareholder return over the performance period. The ATSR is measured by comparing the 30-day VWAP at the grant date to the 30-day VWAP at the vesting date.
3. The AEPS performance condition will vest subject to the annual growth rate of Westgold's earnings per share over the performance period. The AEPS is measured by comparing the earnings per share (excluding any non-recurring items) at the grant date to the earnings per share (excluding any non-recurring items) at the vesting date.
4. The Ore Reserve Growth performance condition will be measured based on the Reserve Statement as reported at the end of the financial year under JORC Code.
5. The Operational Growth performance condition is measured by a combination of Ore Reserve Growth and Production Growth. Production Growth will be measured as Westgold's cumulative annual growth rate over the performance period.

For a full description of the terms and conditions of the Performance Rights, refer to the section entitled "Description of Securities – Performance Rights".

PRIOR SALES

During the 12-month period preceding the Last Practicable Date, Westgold has not issued any Westgold Shares. As at the Last Practicable Date, Westgold has 473,622,730 Westgold Shares on issue.

During the 12-month period preceding the Last Practicable Date, Westgold has issued the following securities convertible into or exchangeable into Westgold Shares:

Date of Issuance	Type of Security	Issue Price/Exercise Price/Conversion Price	Number Issued
27/11/2023	Westgold Performance Rights	Nil	5,645,937
17/04/2024	Westgold Performance Rights	Nil	816,656

TRADING PRICE AND VOLUME

The following table sets forth trading information for the Westgold Shares over the past 12 months prior to the Last Practicable Date, the reported high and low trading prices and the aggregate trading volume of trading of the Westgold Shares on the ASX, listed under the symbol "WGX".

Month	Price Range		Aggregate Monthly Trading Volume
	High	Low	
June 2023	A\$1.61	A\$1.35	45,032,306
July 2023	A\$1.74	A\$1.51	39,191,947
August 2023	A\$1.71	A\$1.40	43,322,947
September 2023	A\$1.87	A\$1.57	51,825,500

October 2023	A\$2.11	A\$1.58	56,713,104
November 2023	A\$2.14	A\$1.99	56,047,696
December 2023	A\$2.22	A\$2.10	46,359,424
January 2024	A\$2.21	A\$1.92	37,229,152
February 2024	A\$2.24	A\$1.81	42,352,950
March 2024	A\$2.62	A\$1.96	105,011,665
April 2024	A\$2.77	A\$2.10	158,806,278
May 2024	A\$2.31	A\$2.11	118,884,945
June 1 – 17, 2024	A\$2.41	A\$2.26	40,566,260

On June 17, 2024, being the Last Practicable Date, the closing price of the Westgold Shares on the ASX was A\$2.26.

PRINCIPAL SECURITYHOLDERS AND SELLING SECURITYHOLDERS

As at the Last Practicable Date, the following are substantial Westgold Shareholders (holding more than 10% of the voting rights attached to Westgold Shares):

<u>Westgold Shareholder</u>	<u>No. Westgold Shares</u>	<u>% Shareholding in Westgold</u>
L1 Capital Pty Ltd	72,243,854	15.25%
VanEck Associates Corporation	48,359,115	10.21%

To the best of the knowledge of the Westgold Directors and officers of Westgold, upon completion of the Arrangement there will be no persons or companies who will beneficially own, directly or indirectly, or exercise control or direction over, Westgold Shares carrying more than 10% of the voting rights attached to the Westgold Shares, after giving effect to the Arrangement.

WESTGOLD DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

The following table sets out the names, country and state or province of residence of the directors and executive officers of Westgold, their present position(s) and offices with Westgold and their respective holdings of Westgold Shares, as applicable, as at the Last Practicable Date:

<u>Name, Province or State and Country of Residence</u>	<u>Position(s) with Westgold</u>	<u>Director/Officer Since</u>	<u>Number of Westgold Shares Beneficially Owned or Controlled</u>	<u>Number of Westgold Performance Rights Beneficially Owned or Controlled</u>
Honorable Cheryl Edwardes AM Perth, Australia	Non-Executive Chair	March 28, 2022	6,122	-
Wayne Bramwell Perth, Australia	Managing Director and Chief Executive Officer	February 3, 2020 ¹	50,000	1,348,209
Fiona Van Maanen Perth, Australia	Non-Executive Director	October 6, 2016	435,521	-
Gary Davison Perth, Australia	Non-Executive Director	June 1, 2021	-	-

Julius Matthys Perth, Australia	Non-Executive Director	March 28, 2022	112,658	-
David Kelly Perth, Australia	Non-Executive Director	November 5, 2023	-	-
Su Hau (Tommy) Heng Perth, Australia	Chief Financial Officer	August 2, 2021	20,000	380,198
Phillip Wilding Perth, Australia	Chief Operating Officer	October 11, 2022	23,867	409,773
Susan Park Perth, Australia	Company Secretary	April 5, 2022	-	-

Notes:

1. Mr. Wayne Bramwell was appointed as a non-executive director on February 3, 2020, and was appointed as Managing Director of Westgold on May 24, 2022.
2. The members of the Westgold Remuneration and Nomination Committee are Mr. Julius Matthys (Chair), Ms. Fiona Van Maanen, Mr. Gary Davison and Mr. David Kelly. Refer to the section titled "Executive Compensation – Compensation Governance" for further information regarding the Westgold Remuneration and Nomination Committee.
3. The members of the Westgold Audit, Risk and Compliance Committee are Ms. Fiona Maanen (Chair), Mr. Julius Matthys, Mr. Gary Davison and Mr. David Kelly. Refer to the section titled "Audit Committee" for further information regarding the Westgold Audit Risk and Compliance Committee.

ASX Listing Rule 14.4 and clause 6.1 of the Westgold Constitution requires that a Westgold Director (other than a Managing Director) must not hold office without re-election for more than three years and that one third of the Westgold Directors in office (other than a Managing Director) must retire by rotation at each annual general meeting of Westgold.

As at the date of this Circular, Westgold Directors and executives as a group beneficially own, directly or indirectly, approximately 648,168 Westgold Shares or 0.14% of the outstanding Westgold Shares.

Other Information about the Directors and Officers

Biographical information for each Westgold Director and executive officer is set forth below.

- **Honorable Cheryl Edwardes AM – Non-Executive Chair**

Ms. Edwardes is a highly credentialed and experienced company director and Chair. A solicitor by profession and former Attorney-General for Western Australia, Minister for Environment and Minister for Labour Relations. Ms. Edwardes has extensive experience and knowledge of Western Australia's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access.

During the past five years, she has also served as a director of the following public listed companies:

- Kalium Lakes Limited (appointed 25 November 2022; resigned 3 August 2023);
- Red Hawk Mining Limited (appointed 17 June 2019);
- Nuheara Limited (appointed 2 January 2020); and
- Vimy Resources Limited (appointed 26 May 2014; resigned 4 August 2022).

- **Wayne Bramwell – Managing Director and Chief Executive Officer**

Mr. Bramwell (BSc Extractive Metallurgy, Grad Dip Business, MSc (Min Econ)) is a metallurgist and mineral economist, experienced director and mining executive with extensive project and corporate development, executive management and governance expertise in precious and base metal companies spanning nearly three decades. He holds a Bachelor of Science in Extractive Metallurgy, a Graduate Diploma

in Business, a Master of Science in Mineral Economics and is a graduate of the Australian Institute of Company Directors.

During the past five years, he has served as a director of the following public listed companies:

- CZR Resources Limited (appointed 3 November 2020; resigned 19 February 2021);
- Azure Minerals Limited (appointed 14 October 2020; resigned 19 February 2021);
- Ardea Resources Limited (appointed 29 January 2018; resigned 3 July 2020);
- Vimy Resources Limited (appointed 18 October 2021; resigned 4 August 2022); and
- Deep Yellow Limited (appointed 4 August 2022; resigned 31 January 2023).

- **Fiona Van Maanen – Non-Executive Director**

Mrs. Van Maanen is a CPA, holds a Bachelor of Business (Accounting) and a Graduate Diploma in Company Secretarial Practice. Mrs. Van Maanen has significant experience in corporate governance, financial management and accounting in the mining and resources industry. Mrs. Van Maanen serves on Westgold's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past five years, she has served as a director of Pantoro Limited (appointed 4 August 2020) and Wildcat Resources Limited (appointed 1 June 2024).

- **Gary Davison – Non-Executive Director**

Mr. Davison (FAusIMM (CP)), is a highly regarded mining engineer with over 45 years of global mining experience. Gary holds a Diploma in Engineering (Mining) and a Masters in Mineral and Energy Economics. He is also the Managing Director of Australia's premier mining consultancy Mining One Pty Ltd. Mr. Davison serves on Westgold's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past five years, he has served as a director of Nagambie Resources Ltd (appointed 15 May 2019, resigned 8 September 2021).

- **Julius Matthys – Non-Executive Director**

Mr. Matthys has substantial corporate experience having spent 36 years in the resources sector. He has held senior executive roles in large corporate entities including President of Worsley Alumina JV, Marketing Director at BHP Iron Ore, Alumina and Aluminium. Mr. Matthys was previously Chair of gold producer Doray Minerals Limited, managing its merger with Silver Lake Resources, and was previously a Non-Executive Director of Quintis Ltd.

Other than his position in Westgold, Mr. Matthys has not held any listed public company directorships in the past five years.

- **David Kelly – Non-Executive Director**

Mr. Kelly is a geologist with 35 years' experience in exploration, operations management, mine planning, project evaluation, business development and project finance. Most recently he was employed by Resolute Mining Limited, an Africa focused gold mining company, as Executive General Manager – Strategy and Planning, following 2 years as Chief Operating Officer.

Prior to joining Resolute, Mr. Kelly was a Director of Optimum Capital, an independent advisory house servicing junior and mid-tier miners. He previously worked with groups such as Consolidated Minerals Limited, WMC Resources Limited, Central Norseman Gold Corporation, NM Rothschild and Sons and Investec Australia and has held several non-executive directorships in mining and exploration companies, including Predictive Discovery, Renaissance Minerals and Turaco Gold.

On January 1, 2024, Mr. Kelly was appointed a non-executive director of Lefroy Exploration Limited (ASX: LEF). On June 1, 2024, Mr. Kelly was appointed non-executive chairman of Lefroy Exploration Limited (ASX: LEF).

- **Su Hau (Tommy) Heng – Chief Financial Officer**

Mr. Heng is a qualified Chartered Accountant and experienced finance and commercial professional with over 25 years of experience in the mining, logistics and services industries in a variety of Senior Finance and Commercial Leadership roles. He joined Westgold from fellow ASX gold miner Resolute Mining Limited where he held the position of General Manager Finance.

- **Phillip Wilding – Chief Operating Officer**

Mr. Wilding is a Mining Engineer (BEng Honours. (Mining Engineering)) with over 19 years of experience in the industry. Being with the Westgold Group since early 2013, he has been in management positions at Trident, Paddy's Flat and Big Bell, the General Manager for the Cue Operations, Corporate Projects, now Chief Operating Officer. Prior to this, Mr. Wilding has worked throughout several mines in WA and NSW, gaining experience in a large variety of mining methods for Underground and Open Pit mining.

- **Susan Park – Company Secretary**

Ms. Park is a governance professional with over 25 years' experience in the corporate finance industry and extensive experience in Company Secretary and Non-Executive Director roles in ASX, AIM and TSX listed companies. Ms. Park holds a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She is currently Company Secretary of several ASX listed companies.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management, no Westgold Director or executive officer is, as of the date of this Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued: (i) while such person was acting in that capacity; or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

To the knowledge of management, other than as disclosed in this Circular, no Westgold Director, executive officer, or Westgold Shareholder holding a sufficient number of securities to affect materially the control of Westgold is, as of the date of this Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Julius Matthys was a director and chief executive officer of Quintis Ltd, when it appointed administrators in 2017, and when it entered into administration in 2024.

Honorable Cheryl Edwardes AM was a director of Kalium Lakes Limited when it entered into voluntary administration on August 3, 2023, following which administrators were appointed, and was a director of Blue Sky Alternative Investments Limited which entered into administration in May 2019.

To the knowledge of management, no Westgold Director, executive officer, or Westgold Shareholder holding a sufficient number of securities to affect materially the control of Westgold has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become

For personal use only

subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of management, no Westgold Director, executive officer or Westgold Shareholder holding a sufficient number of securities to affect materially the control of Westgold has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of Westgold's knowledge, there are no existing or potential conflicts of interest among Westgold, its directors, officers, or other members of management of Westgold, except that certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of Westgold.

EXECUTIVE COMPENSATION

The following discussion describes the significant elements of Westgold's executive compensation, with particular emphasis on the process for determining compensation payable to Westgold's "named executive officers" or "NEOs".

For purposes of this Circular, "named executive officer" (or "NEO") of Westgold means an individual who, at any time during the year, was: (a) Westgold's Chief Executive Officer; (b) Westgold's Chief Financial Officer; (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, at the end of the fiscal period ended June 30, 2023 whose total compensation was more than C\$150,000 for that fiscal period; and (d) each individual who would be a NEO under (c) above, but for the fact that the individual was not an executive officer of Westgold, nor acting in a similar capacity, at the end of the fiscal period ended June 30, 2023.

For the financial year ended June 30, 2023, Westgold had the following named executive officers: Mr. Wayne Bramwell (Managing Director and Chief Executive Officer), Mr. Su Hau (Tommy) Heng (Chief Financial Officer) and Mr. Phillip Wilding (Chief Operating Officer).

Compensation Discussion and Analysis

Overview

The Westgold Board determines the executive compensation policy for the NEOs of Westgold. The Westgold Board evaluates the performance of Westgold's NEOs and reviews the design and competitiveness of Westgold's compensation plans.

In determining the remuneration for NEOs, the Westgold Board aims to ensure that its remuneration practices are:

- competitive and reasonable, enabling Westgold to attract and retain high calibre talent;
- aligned to Westgold's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to Westgold Shareholders.

Westgold's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance and is simple to administer and understand by NEOs and Westgold Shareholders.

In line with Westgold's remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and Westgold's stated objectives to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Westgold's remuneration structure for NEOs provides for a combination of fixed and variable pay. In accordance with Westgold's objective to ensure that executive remuneration is aligned to Westgold's performance, a portion of the NEOs' remuneration (being, the short-term incentives and long-term incentives) is placed "at risk".

Compensation Governance

The Westgold Remuneration and Nomination Committee is a sub-committee of the Westgold Board and are chartered to:

- oversee formulation and review of Westgold's organizational development, succession planning for the Westgold Group's NEOs and senior executives;
- approve, review and refer to the Westgold Board matters relating to the appointment and the removal of executives who report directly to the Managing Director and/or executive directors to ensure that an appropriate board succession plan is in plan;
- ensure that the performance of the Westgold Board and its members is regularly reviewed; and
- assist the Chair in advising the Westgold Directors about their performance and possible retirement.

The Westgold Remuneration and Nomination Committee makes recommendations to the Westgold Board on:

- non-executive director fees;
- executive remuneration (directors and senior executives); and
- the executive remuneration framework and incentive plan policies.

The Westgold Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Westgold Directors and executive team.

As at the date of this Circular, the members of the Westgold Remuneration and Nomination Committee are Julius Matthys (Chair), Fiona Van Maanen, Gary Davison and David Kelly. Each of the members of the Westgold Remuneration and Nomination Committee are independent.

Compensation Components

Westgold's remuneration structure for the NEOs provides for a combination of fixed and variable pay with the following components – fixed remuneration, short-term incentives and long-term incentives.

- Fixed Remuneration** The fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for the scope of the NEO's role, the NEO's skills, experience and qualifications and individual performance, and taking into account competitive market compensation paid by other companies in Westgold's industry for similar positions and the overall market demand for such executives at the time of hire. A NEO's base salary will also be determined

by reviewing such NEO's other compensation to ensure that such NEO's total compensation is in line with Westgold's overall compensation policy. Base salaries are to be reviewed annually and increased for merit reasons, based on the NEO's success in meeting or exceeding individual objectives, and taking into account prevailing market conditions. Additionally, we may adjust base salaries as warranted throughout the year for promotions or significant changes in the scope or breadth of a NEO's role or responsibilities.

Short-term incentives ("STI")

All NEOs have the opportunity to earn an annual incentive, or STI, award which is delivered in cash after the assessment of annual performance which is based on a combination of specific key performance indicators chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Westgold Group and Westgold Shareholders.

The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.

In FY23, the short-term incentive dollar value that NEOs were entitled to receive as a percentage of their fixed remuneration was required not to exceed 50% for the Managing Director and 40% for all other executives.

In the event of a change of control of Westgold, a pro-rata cash payment will be made based on an assessment of performance up to the date of the change of control (subject to Westgold Board discretion).

When a NEO ceases to be an employee of the Westgold Group:

- due to resignation or termination for cause, before the end of the financial year, no short-term incentive will be awarded for that year; or
- due to redundancy, ill health, death or other circumstances approved by the Westgold Board, the NEO will be entitled to a pro rata cash payment based on an assessment of performance up to the date of ceasing employment for that year,

unless otherwise determined by the Westgold Board.

See "*Short-Term Incentives – Performance Metrics*" below for additional information concerning short-term incentives.

Long-Term Incentives

NEOs are also eligible to receive long-term incentives, in the form of Westgold Performance Rights, under the Westgold Plan to align remuneration with the creation of shareholder value over the long-term. The long-term incentive dollar value that NEOs are entitled to receive as a percentage of their fixed remuneration must not exceed 80% for the Managing Director, 80% for senior executives and 60% for all other executives.

The number of Westgold Performance Rights granted is determined using the fair value at the date of grant using a Monte Carlo valuation model, taking into account the terms and performance conditions upon which the Performance Rights are granted.

When a NEO ceases to be an employee of the Westgold Group:

- due to resignation or termination for cause, then any unvested Westgold Performance Rights will automatically lapse on the date of the cessation of employment; or
- due to redundancy, ill health, death or other circumstances approved by the Westgold Board, the NEO will generally be entitled to a pro rata number of unvested Westgold Performance Rights based on achievement of the performance measures over the performance period up to the date of cessation of employment,

unless otherwise determined by the Westgold Board.

The Westgold Performance Rights issued to NEOs will vest and become exercisable into Westgold Shares subject to the following conditions:

- continued employment during the performance period; and
- performance conditions which comprise of growth in relative total shareholder return, growth in absolute total shareholder return, growth in absolute earnings per share and ore reserve growth.

We believe that Westgold Performance Rights will allow us to reward our NEOs for their sustained contributions. We also believe that Westgold Performance Rights reward continued employment by a NEO, with an associated benefit to us of employee continuity and retention. The Westgold Board believes that equity-based incentive awards, such as Westgold Performance Rights, provide

management with a strong link to long-term corporate performance and the creation of shareholder value.

For a full description of the terms and conditions of the Westgold Plan, refer to the section entitled "Description of Securities – Performance Rights" and for a description of the currently outstanding Westgold Performance Rights see "Rights to Acquire Securities – Performance Rights".

Short-Term Incentives – Performance Metrics and Outcomes

The purpose of the short-term incentives issued to NEOs is to recognize and reward annual performance. A combination of Westgold's key performance indicators is chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Westgold Group and Westgold Shareholders. The measures chosen has been intentionally selected as they can be reliably measured, are key drivers of value for Westgold Shareholders and encourage behaviours in line with Westgold's core values.

During FY23, a combination of financial and non-financial key performance indicators was used to measure performance for short-term incentive awards, with a score being calculated on the following measures:

<u>Metric</u>	<u>Weighting</u>	<u>Targets</u>	<u>Score</u>
Safety – Medically Treated Injury Frequency Rate (MTIFR)	10	Annual MTIFR decreases by 25% or more	10
		Annual MTIFR stays within ±25%	5
		Annual MTIFR increases by 25% or more	0
Safety – Lost Time Injury Frequency Rate (LTIFR)	10	Annual LTIFR decreases by 25% or more	10
		Annual LTIFR stays within ±25%	5
		Annual LTIFR increases by 25% or more	0
Environmental	10	Exceptional environmental management performance	10
		No serious breaches of environmental management	5
		Serious breach of environmental management	0
AISC relative to budget	30	Actual costs below budget by 10% or more	30
		Actual costs below budget by between 5% and 10%	24
		Actual costs below budget by less than 5%	18
		Actual costs above budget by less than 5%	12
		Actual costs above budget by between 5% & 10%	6
		Actual costs above budget by more than 10%	0
Gold production relative to budget	30	Actual production above budget by 10% or more	30
		Actual production above budget by between 5% and 10%	24
		Actual production above budget by less than 5%	18
		Actual production equals to budget	12
		Actual production below budget by less than 5%	6
		Underperforms budget by between 5% & 10%	0
Personal performance	10	Exceptional Effort and Exceptional Achievement	10
		Exceptional Effort and Good Achievement	8
		Good Effort and Good Achievement	6
		Good Effort and Average Achievement	4
		Average Effort and Average Achievement	2

The number of short-term incentives issued to NEOs for FY23 and the performance against the above-mentioned measures is as follows for FY23:

Name	Position	STI Achieved (%)	STI Awarded (A\$) ¹	Maximum Potential Award (A\$)
Wayne Bramwell	Managing Director	71	209,680	293,626
Su Hau (Tommy) Heng	Chief Financial Officer	84	142,464	170,170
Phillip Wilding	Chief Operating Officer	92	172,030	187,408
TOTAL			524,174	651,204

Note:

- Performance is measured based on a combination of the operational segment performance as well as overall Westgold Group performance. The FY23 short-term incentives were paid in August 2023.

Risks Associated with the Compensation Policies and Practices

Westgold has a series of governance and operational controls to mitigate risks stemming from its compensation structure, including the establishment of the Remuneration and Nomination Committee which, amongst other matters, is responsible for considering the appropriateness of remuneration in light of performance outcomes and market condition. The Remuneration and Nomination Committee meets as required, but not less than once each year and reports to the Westgold Board.

Derivative Instruments

NEOs and Westgold Directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of the Westgold Shares that they hold, directly or indirectly.

Summary Compensation Table

The following table sets out information concerning the compensation paid by Westgold to its NEOs for the financial years ended June 30, 2023, 2022 and 2021:

Name and Principal Position	Year	Salary (A\$)	Share-based awards (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation (A\$)		Pension value ² (A\$)	All other compensation ³ (A\$)	Total compensation (A\$)
					Annual incentive plans ¹ (A\$)	Long-term incentive plans (A\$)			
Wayne Bramwell Managing Director and Chief Executive Officer	2023	559,461	171,013	-	209,680	-	32,150	60,394	1,032,698
	2022	375,000	62,168	-	77,548	-	37,899	48,000	648,615
	2021	102,500	-	-	-	-	9,738	135,820	248,058 ⁴
Su Hau (Tommy) Heng ⁵ Chief Financial Officer	2023	391,134	99,960	-	142,464	-	30,868	45,635	710,061
	2022	275,000	38,294	-	34,897	-	27,500	27,134	402,825
	2021	-	-	-	-	-	-	-	-
Phillip Wilding ⁶	2023	409,821	166,985	-	172,030	-	29,860	108,352	887,048
	2022	37,769	9,779	-	7,433	-	3,777	3,564	62,322

Name and Principal Position	Year	Salary (A\$)	Share-based awards (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation (A\$)		Pension value ² (A\$)	All other compensation ³ (A\$)	Total compensation (A\$)
					Annual incentive plans ¹ (A\$)	Long-term incentive plans (A\$)			
Chief Operating Officer	2021	-	-	-	-	-	-	-	-

Notes:

1. This amount relates to the short-term incentive cash bonus payable to NEOs. Please refer to the section entitled "*Compensation Discussion and Analysis*" for further information.
2. This amount relates to the contributions made by Westgold to the relevant NEO's superannuation fund.
3. This amount relates to the non-monetary benefits payable to the NEOs, and their annual and long service leave entitlements.
4. Mr. Wayne Bramwell was appointed as an Executive Director of Westgold on 1 August 2021 and previously held the position of a Non-Executive Director. Mr. Bramwell was appointed as Managing Director of Westgold on May 24, 2022.
5. Mr. Su Hau (Tommy) Heng was appointed as Chief Financial Officer on August 2, 2021.
6. Mr. Phillip Wilding was appointed as Chief Operating Officer on May 24, 2022.

Incentive Plan AwardsOutstanding Share-Based Awards and Option-Based Awards

The following table sets out information concerning all share-based and option-based awards outstanding at the end of the most recently completed financial year for each NEO:

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)	Market or payout value of vested share-based awards not paid out or distributed (A\$)
Wayne Bramwell Managing Director and Chief Executive Officer	-	-	-	-	587,668	171,013	-
Su Hau (Tommy) Heng Chief Financial Officer	-	-	-	-	380,198	99,960	-
Phillip Wilding Chief Operating Officer	-	-	-	-	409,773	166,985	-

Value Vested or Earned During the Year

The Westgold Performance Rights issued to the NEOs will only vest and be exercisable into Westgold Shares upon the satisfaction of the relevant vesting conditions. As at the date of the Circular, no Westgold Performance Rights

issued to the NEOs have vested. Please refer to the section entitled "Compensation Discussion and Analysis" for further information regarding the Westgold Performance Rights issued to the NEOs.

Termination and Change of Control Benefits

Termination Payments

The employment contracts with each of the NEOs provide that:

- Westgold may terminate the employment contract with Mr. Su Hau (Tommy) Heng and Mr. Phillip Wilding by providing three months prior written notice of termination, and Westgold may terminate the employment contract with Mr. Wayne Bramwell by providing three months prior written notice of termination. Westgold may make a payment in lieu of all or part of the notice period, which will be equal to the amount of fixed remuneration the NEO would have received for the period of notice;
- in the event Westgold terminates an NEO's employment without cause, for convenience or upon consolidation, merger or the sale or transfer of substantially all of the assets of Westgold to another corporation in which Westgold is not the surviving entity, Westgold will be required to make a lump sum payment to the NEO equal to six months base salary in addition to the payment in lieu of the whole notice period referred to above; and
- in relation to the Managing Director's employment contract, in the event of a material diminution event (being, a material diminution of the NEO's base salary, authority, duties or responsibilities without the NEO's prior written agreement), the NEO may terminate their employment by giving six months prior notice. In such circumstances, Westgold will make a lump sum payment to the NEO equal to six months base salary in addition to a payment in lieu of all or part of the notice period referred to above.

Short-term incentives

In the event of a change of control event in Westgold, a pro-rata cash payment will be made based on an assessment of performance up to the date of the change of control, subject to the Westgold Board's discretion.

When a NEO ceases to be an employee of the Westgold Group:

- due to resignation or termination for cause, before the end of the financial year, no short-term incentive will be awarded for that year; or
- due to redundancy, ill health, death or other circumstances approved by the Westgold Board, the NEO will be entitled to a pro rata cash payment based on an assessment of performance up to the date of ceasing employment for that year,

unless otherwise determined by the Westgold Board.

Refer to the Sections titled "*Executive Compensation – Compensation Discussion and Analysis – Compensation Components*" and "*Short-Term Incentives – Performance Metrics*" for additional information concerning short-term incentives.

Long term incentives

In the event of a change of control event in Westgold, all unvested Westgold Performance Rights will automatically vest and will be exercisable into Westgold Shares.

The Westgold Performance Rights require continuous employment with Westgold until the vesting date, and subject to the discretion of the Westgold Board to waive any vesting condition, where the NEO ceases employment prior to the vesting of the Westgold Performance Right, the Westgold Performance Rights will be forfeited.

For personal use only

When a NEO ceases to be an employee of the Westgold Group:

- due to resignation or termination for cause, then any unvested Westgold Performance Rights will automatically lapse on the date of the cessation of employment; or
- due to redundancy, ill health, death or other circumstances approved by the Westgold Board, the NEO will generally be entitled to a pro rata number of unvested Westgold Performance Rights based on achievement of the performance measures over the performance period up to the date of cessation of employment,

unless otherwise determined by the Westgold Board.

Refer to the Sections titled "*Executive Compensation – Compensation Discussion and Analysis – Compensation Components*" and "*Rights to Acquire Securities – Performance Rights*" for additional information concerning the long-term incentives.

Estimated Incremental Payments

In the event that Mr. Wayne Bramwell (Managing Director and Chief Executive Officer) was terminated without cause on the last business day of the most recently completed financial year, Mr. Bramwell would have been entitled to an estimated incremental payment of A\$0.9 million (such amount including a potential pro-rata cash payment under Mr. Bramwell's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time). In the event that Mr. Bramwell was terminated without cause on the last business day of the most recently completed financial year following a change of control of Westgold, Mr. Bramwell would have been entitled to an estimated incremental payment of A\$1.4 million (such amount including a potential pro-rata cash payment under Mr. Bramwell's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time).

In the event that Mr. Su Hau (Tommy) Heng (Chief Financial Officer) was terminated without cause on the last business day of the most recently completed financial year, Mr. Heng would have been entitled to an estimated incremental payment of A\$0.6 million (such amount including a potential pro-rata cash payment under Mr. Heng's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time). In the event that Mr. Heng was terminated without cause on the last business day of the most recently completed financial year following a change of control of Westgold, Mr. Heng would have been entitled to an estimated incremental payment of A\$0.9 million (such amount including a potential pro-rata cash payment under Mr. Heng's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time).

In the event that Mr. Phillip Wilding (Chief Operating Officer) was terminated without cause on the last business day of the most recently completed financial year, Mr. Wilding would have been entitled to an estimated incremental payment of A\$0.7 million (such amount including a potential pro-rata cash payment under Mr. Wilding's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time). In the event that Mr. Wilding was terminated without cause on the last business day of the most recently completed financial year following a change of control of Westgold, Mr. Wilding would have been entitled to an estimated incremental payment of A\$1.0 million (such amount including a potential pro-rata cash payment under Mr. Wilding's short-term incentives and Westgold Shares based on potential pro rata vesting of unvested Westgold Performance Rights at that time).

Director Compensation

Director Compensation Table

The following table sets out information concerning the compensation paid by Westgold to each of the Westgold Directors for the most recently completed financial year:

Name	Fees Earned (A\$)	Share-based awards ¹ (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation (A\$)	Pension value ² (#)	All other compensation ³ (A\$)	Total (A\$)
Honorable Cheryl Edwardes AM Non-Executive Chair	175,000	-	-	-	18,375	-	193,375
Fiona Van Maanen Non-Executive Director	95,000	-	-	-	9,975	-	104,975
Gary Davison Non-Executive Director	95,000	-	-	-	9,975	-	104,975
Julius Matthys Non-Executive Director	95,000	-	-	-	9,975	-	104,975
David Kelly Non-Executive Director	61,908	-	-	-	6,500	-	68,408

Notes:

1. This amount relates to the short-term incentive cash bonus payable to Westgold Directors. Please refer to the section entitled "*Compensation Discussion and Analysis*" for further information.
2. This amount relates to the contributions made by Westgold to the relevant Westgold Director's superannuation fund.
3. This amount relates to the non-monetary benefits payable to the Westgold Directors, and their annual and long service leave entitlements.

Except for Mr. Wayne Bramwell, none of the other Westgold Directors hold Westgold Performance Rights as at the date of this Circular.

AUDIT COMMITTEE

The Westgold Board has resolved to establish an Audit, Risk and Compliance Committee. The purpose of the Westgold Audit, Risk and Compliance Committee is to assist Westgold and the Westgold Board in fulfilling its responsibilities by overseeing, monitoring, reviewing and reporting to the Westgold Board on:

- the implementation and effectiveness of the Westgold Group's risk management system;
- the effectiveness of the control environment of the Westgold Group in the areas of balance sheet risk, relevant legal and regulatory compliance and financial reporting;
- the adequacy of the control processes in place in relation to the preparation of financial and other information prepared by management, particularly those reports to be provided to Westgold Shareholders and/or filed with regulators;
- the Westgold Group's relationship with the external auditor and the external audit function generally; and
- the implementation and effectiveness of Westgold's systems and processes for ensuring compliance with all applicable laws, regulations industry codes, company policies and material licenses, permits and agreements.

As at the date of this Circular, the Westgold Audit, Risk and Compliance Committee is composed of Fiona Maanen (Chair), Julius Matthys, Gary Davison and David Kelly. Each member of the Audit, Risk and Compliance Committee are independent and "financially literate".

The disclosure required by Form 52-110F1 of National Instrument 52-110 – *Audit Committees* is included under this heading. The text of the Westgold Audit, Risk and Compliance Committee Charter is attached to this Appendix L as Exhibit A and is accessible on Westgold's website at <https://www.westgold.com.au/>.

Relevant Education and Experience

The relevant education and experience of the Westgold Audit, Risk and Compliance Committee members is set out above under the heading "*Other Information about the Directors and Officers*".

External Auditor Service Fees

The aggregate fees billed by Westgold's external auditors in each of the last three fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees (A\$)	Audit Related Fees (A\$)	Tax Fees (A\$)	All Other Fees (A\$)	Total (A\$)
June 30, 2023	283,665	8,320	67,854	-	359,839
June 30, 2022	282,825	-	2,200	-	285,025
June 30, 2021	280,800	3,640	22,174	-	306,614

CORPORATE GOVERNANCE

The following is a summary of Westgold's corporate governance disclosure required by Form 58-101F1 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

Board of Directors

The Westgold Board comprises six directors, five of whom are independent directors within the meaning of NI 58-101. Generally, an independent director means a director who has no direct or indirect material relationship with Westgold. For these purposes, "material relationship" means a relationship which could, in the view of the Westgold Board, reasonably interfere with the exercise of a director's independent judgment.

The Westgold Board reviews the independence of all Westgold Directors on an annual basis and Westgold Directors have an ongoing obligation to inform the Westgold Board of any material changes in their circumstances or relationships which may affect the Westgold Board's determination as to their independence. The Westgold Board has determined that Honorable Cheryl Edwardes AM, Mr. Gary Davison, Ms. Fiona Van Maanen, Mr. Julius Matthys and Mr. David Kelly are considered to be independent.

Mr. Wayne Bramwell is a non-independent director as he is an executive of Westgold.

Honorable Cheryl Edwardes AM is the Non-Executive Chair of the Westgold Board. The Non-Executive Chair's responsibilities include, among other things: (i) leading the Westgold Board in reviewing and discussing matters; (ii) chairing Westgold Board meetings and general meetings of Westgold; (iii) ensuring the efficient organization and conduct of the Westgold Board's function; (iv) facilitating effective contribution by all members of the Westgold Board; and (v) monitoring the Westgold Board's performance.

The independent directors do not hold regular scheduled meetings at which non-independent directors and members of management are not in attendance. However, Westgold Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Westgold Board meeting before commencement of discussion on the topic.

The Westgold Board considers that its current composition is appropriate given the current size and stage of development of Westgold and allows for the best utilization of the experience and expertise of its members.

The following table sets out the number of meetings of the Westgold Board held between July 1, 2022 and the date of this Circular, and the number of meetings attended by each director:

Name	Number Entitled to Attend	Number Attended	Percentage Attendance
Honorable Cheryl Edwardes AM	40	39	97.5%
Wayne Bramwell	40	40	100%
Fiona Van Maanen	40	39	97.5%
Gary Davison	40	39	97.5%
Julius Matthys	40	40	100%
David Kelly	36	35	97.2%

Board Mandate

Westgold has adopted the Westgold Board charter, which sets out the principles for the role of the board of directors and governs the ongoing operation of the Westgold Board. A copy of the charter of the Westgold Board is attached as Exhibit D to this Appendix L and is also available in the corporate governance section of Westgold's website at <https://www.westgold.com.au/>.

Position Descriptions

The Westgold Board has developed written position descriptions for each of the Westgold Directors. As at the date of this Circular, the Westgold Board comprises of:

- Honorable Cheryl Edwardes AM – Non-Executive Chair;
- Mr. Wayne Bramwell – Managing Director and Chief Executive Officer;
- Ms Fiona Van Maanen – Non-Executive Director;
- Mr. Gary Davison – Non-Executive Director;
- Mr. Julius Matthys – Non-Executive Director; and
- Mr. David Kelly – Non-Executive Director.

The position description for Westgold's Non-Executive Chair is detailed in the Westgold Board charter available on Westgold's website at <https://www.westgold.com.au/>.

The Westgold Board and CEO have not developed a written position description for the CEO but have developed a written position description for the position of Managing Director. Mr. Wayne Bramwell currently holds the position of CEO and Managing Director and his current responsibilities as Managing Director include:

- developing business plans, budgets, strategies for consideration by the Westgold Board, and to the extent approved by the Westgold Board, implementing such plans, budgets and strategies;
- operating the Westgold business within the parameters set by the Westgold Board and identifying and managing operational and other risks;
- managing Westgold's financial and other reporting mechanics;

- implementing the policies and processes of Westgold's;
- ensuring compliance with Westgold's continuous disclosure obligations;
- ensuring the Westgold Board is regularly provided with sufficient and accurate information; and
- faithfully and diligently performing the duties and exercising the powers assigned by the Westgold Board consistent with the position of managing director and consistent with the best interests of the Company.

The Managing Director may sub-delegate his powers to any other executives or senior management as he considers appropriate; however, responsibility for the exercise of any sub-delegation remains with the Managing Director. The position description for Westgold's Managing Director is detailed in the Westgold Board charter available on Westgold's website at <https://www.westgold.com.au/>.

The Westgold Remuneration and Nomination Committee is a sub-committee of the Westgold Board. As at the date of this Circular, the members of the Westgold Remuneration and Nomination Committee are Julius Matthys (Chair), Fiona Van Maanen, Gary Davison and David Kelly. Each of the members of the Westgold Remuneration and Nomination Committee are independent. The position description of the Chair of the Westgold Remuneration and Nomination Committee is detailed in the Westgold Remuneration and Nomination Committee Charter available on Westgold's website at <https://www.westgold.com.au/>. Refer to the Section titled "*Compensation Governance*" for further information regarding the Westgold Remuneration and Nomination Committee.

The Westgold Audit, Risk and Compliance Committee is a sub-committee of the Westgold Board. As at the date of this Circular, the members of the Westgold Audit, Risk and Compliance Committee are Fiona Maanen (Chair), Julius Matthys, Gary Davison and David Kelly. The position description of the Chair of the Westgold Audit, Risk and Compliance Committee is detailed in the Westgold Audit, Risk and Compliance Committee Charter available on Westgold's website at <https://www.westgold.com.au/>. Refer to the Section titled "*Audit Committee*" for further information regarding the Westgold Audit, Risk and Compliance Committee.

Orientation and Continuing Education

Westgold has also adopted a Westgold Board skills matrix, which details the mix of skills and diversity that the Westgold currently has or is looking to achieve. To ensure that the current Westgold Board provides the skills and experience required by the skills matrix, the Westgold Board will assess each Westgold Director's skills and experience and the current directors as a group, against the Westgold Board skills matrix from time to time. The Westgold Board will take account of the skills matrix and gaps or weaknesses in the skills matrix when applied to existing Westgold Directors and when filling any vacancies on the Westgold Board.

In accordance with the Westgold Board charter, Westgold Directors are expected to participate in induction or orientation programs upon their election or appointment, and any continuing education or training arranged by Westgold from time to time.

Ethical Business Conduct

The Westgold Board has adopted a set of values which are the foundation for how Westgold achieves its business objectives. Westgold's values are supported by the Code of Conduct and other key governance principles and policies which are approved by the Westgold Board. Westgold's values are available on its website at <https://www.westgold.com.au/>.

Westgold aims to maintain the highest standard of lawful and ethical behaviour in business dealings and to behave with integrity in all its dealings with all our stakeholders including Westgold Shareholders, employees, government, suppliers, traditional owners and the community. Westgold Directors and employees are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Westgold. The Westgold Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that Westgold is considered reputable by the industry and other outside entities. This involves

considering the impact of Westgold's decisions on the industry, its colleagues and the broader community. Westgold's Corporate Code of Conduct applies to all employees, individual contractors, consultants, managers and the Westgold Board, including temporary employees, individual contractors and directors of Westgold. Westgold's Corporate Code of Conduct is available on its website at <https://www.westgold.com.au/>.

Nomination of Directors

The Westgold Remuneration and Nomination Committee has the responsibility of, among other things, recommending to the Westgold Board, on an annual basis, nominees for election as directors for the next annual meeting of shareholders as well as nominees for appointment to committees of the Westgold Board. The needs of the Westgold Board are analyzed when vacancies arise and the Westgold Remuneration and Nomination Committee is responsible for recommending nominees who meet such needs. In reviewing potential candidates, the Westgold Remuneration and Nomination Committee reviews the competencies of and skills of potential candidates against those that the Westgold Remuneration and Nomination Committee considers the Westgold Board as a whole should possess. This assessment involves the exercise of the Westgold Remuneration and Nomination Committee's independent judgment regarding potential candidate qualifications, skills and experience, with a view to the effective functioning of the Westgold Board.

The Westgold Remuneration and Nomination Committee is responsible for the establishment and facilitation of the induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Westgold Board. The members of the Westgold Remuneration and Nomination Committee are all independent directors. Refer to the Section titled "*Compensation Governance*" for further information regarding the Westgold Remuneration and Nomination Committee.

Compensation

One of the functions of the Westgold Remuneration and Nomination Committee is to make recommendations to the Westgold Board on executive and non-executive directors' remuneration. The Westgold Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Westgold Directors and executive team. Refer to the Section titled "*Compensation Governance*" for further information regarding the Westgold Remuneration and Nomination Committee.

Other Board Committees

In addition to the Westgold Remuneration and Nomination Committee and the Westgold Audit, Risk and Compliance Committee, Westgold has also established the Westgold Sustainability Committee, which advises the Westgold Board on ESG risks and opportunities and manages Westgold's impact through policies and practices. The Westgold Sustainability Committee is led by Managing Director, Mr. Wayne Bramwell, and is supported by various committee members. A copy of the Westgold Sustainability Committee Charter is available on Westgold's website at <https://www.westgold.com.au/>.

Assessments

The Westgold Board, as a whole, is responsible for the arrangement of annual performance evaluations of the Westgold Board, the committees thereof, individual directors and senior executives as appropriate. The results of the assessment process are used to continually improve the performance of the Westgold Board, the Committees and each Westgold Director. The Westgold Board will also consider the feedback provided on individual Westgold Directors in making its recommendations with respect to Westgold Board nominees.

In assessing a Westgold Director's performance, the Westgold Board will consider a number of factors, including the Westgold Director's attendance record. While the Westgold Board has not adopted a formal policy on attendance, if a Westgold Director's attendance was low, and the Westgold Board believed it reflected a lack of commitment, this

For personal use only

would be a reason for the Westgold Board to not recommend the nomination of the director to the Westgold Board at the upcoming annual meeting.

The Westgold Board regularly monitors its own performance, the performance of individual directors and committees. This occurs through an internally managed review process that is led by the Chair of the Westgold Board. The evaluation process incorporates available survey tools, one on one meetings between the Chair and each Westgold Director.

Prior to appointing any new Westgold Director, a review process is undertaken to ensure any new director's skill set aligns with Westgold's requirements at the Westgold Board level and its strategic plan.

During the relevant financial year, the performance of the Westgold Board and the Westgold Directors is regularly assessed by the Chair and appropriate feedback is provided. The Chair maintains open and honest communication with all of the Westgold Board members and committee chairs throughout the year. The Chair is responsible for the evaluation of the Westgold Board, its committees and its members on an informal and as required basis throughout the financial year.

Westgold also conducts annual performance reviews of its senior executives. The performance of the executive leadership team is evaluated by the Managing Director with input from the Westgold Board. The metrics and criteria applied to this evaluation are set out in Westgold's Annual Report for the reporting period which is available on Westgold's website at <https://www.westgold.com.au/>. The performance of the Chief Executive Officer (CEO)/Managing Director is evaluated by the Chair with input from the Westgold Board.

Westgold has completed performance evaluations in respect of the senior executives for the past financial year in accordance with the applicable processes.

Director Term Limits and Other Mechanisms of Board Renewal

Pursuant to the Westgold Constitution and ASX Listing Rules, each Westgold Director, excluding the Managing Director, must retire from office at the end of the third annual general meeting following that Westgold Director's last appointment or three years, whichever is longer, and may seek re-election to the Westgold Board.

Westgold has guidelines for the appointment and selection of the Westgold Board in the Westgold Board Charter and the Westgold Remuneration and Nomination Committee Charter. The Westgold Board ensures appropriate checks (including checks in respect of character, experience, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to Westgold Shareholders a candidate for election, as a director. These checks take place prior to putting forward a director to Westgold Shareholders for election at a general meeting or annual general meeting. The Westgold Board (operating under the Westgold Remuneration and Nomination Committee Charter) ensures all material information relevant to a decision on whether or not to elect or re-elect a Westgold Director (including biographical details, qualifications, the candidate's independence and a statement from the Westgold Board as to whether it supports the candidate's existing directorships (if any)) is provided to Westgold Shareholders in the notice of meeting containing the resolution to elect or re-elect the Westgold Director.

Policies Regarding the Representation of Women

Westgold has adopted a Diversity Policy which provides a framework for Westgold to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Westgold Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and Westgold's progress in achieving them.

The Diversity Policy is available in the corporate governance section on Westgold's website at <https://www.westgold.com.au/>. Westgold is actively managing diversity as a means of enhancing Westgold's performance by recognizing and utilizing the contributions of diverse skills and talent from its employees. It is the Westgold Board's responsibility and objective to foster an environment within Westgold where individual differences are respected, employment opportunities are based on merit, skill and ability, and where inappropriate attitudes,

behaviours and practices at all levels within Westgold and its subsidiaries are confronted and eliminated. Westgold did not set a measurable objective for gender diversity in FY23 in respect of the Westgold Board or executive officer positions. Westgold encourages diversity in employment and in the composition of the Westgold Board and executive officer positions, as a mechanism to ensure that Westgold is able to draw on a variety of skill, talent and previous experiences in order to maximize Westgold's performance. Westgold reports its gender metrics annually in its Sustainability Report. The Diversity Policy and FY23 Sustainability Report are located on Westgold's website at <https://www.westgold.com.au/>.

RISK FACTORS

You should carefully consider all of the information set out in this Circular, including the risks and uncertainties described below in respect of the Westgold business and the industry it operates in. The risks described below are not the only risks facing Westgold. You should consider the fact that our principal operations are conducted in Australia and are governed by legal and regulatory environments that, in some respects, differ from those that prevail in other countries. Westgold's business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of Westgold Shares offered in the Arrangement could decline due to any of these risks.

The following section provides a description of the risks associated with the business and operations of Westgold. A number of these risks are inherent to the exploration, development and mining of natural resources and represent similar risks to which Karora Shareholders are already exposed. However, the nature of Westgold's business will differ from that of Karora and Karora Shareholders may be subject to new or additional risks following implementation of the Arrangement.

The risks presented in this section are not an exhaustive list of all risks and risk factors related to Westgold. Additional risks and uncertainties not presently known to Westgold, or not expressed or implied below, or that are presently deemed immaterial, may also have an adverse impact on Westgold's business. The risk factors may also change over time.

This section does not take into account the investment objectives, financial situation, position or particular needs of Karora Shareholders. Each Karora Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

General risks relating to Westgold

Fluctuations in gold price and currency risk

The profitability of Westgold is primarily dependent on the Australian dollar gold price of bullion. Volatility in the Australian dollar gold price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained despite a potential fall in the US spot gold price. If the US spot gold price falls below Westgold's future production costs and remains at that level for a sustained period; or the AUD: USD exchange rate increases significantly and remains at that level for a sustained period, it may not be economically feasible for Westgold to continue production. The various factors affecting the prevailing gold price are beyond the control of Westgold. These factors include, but are not limited to, the strength of the US dollar (which is the currency in which gold trades internationally), speculative positions taken by investors or traders in gold, changes in global demand for gold (as an investment and/or for other uses), global and regional recessions or reduced economic activity and/or inflationary expectations, financial market expectations regarding the rate of inflation, gold hedging and de-hedging by gold producers, decisions made by central banks and multilateral organizations to purchase, hold or sell portions of their gold reserves, changes in production costs in major gold producing regions and domestic or international political or geopolitical events, unrest or hostilities. Historically, the gold price has fluctuated widely.

Some possible adverse consequences of a future decline in the gold price include, but are not limited to, Westgold's operations becoming uneconomic as projected future revenues no longer justify the costs of operation or development; a decline in the revenues of Westgold to a point at which its operations are deemed uneconomic, which may result in Westgold ceasing production; the value of the Westgold's assets declining, causing Westgold to write down asset

values (thereby incurring losses); and restatement of Westgold's Mineral Resources and Mineral Reserves for gold. All of these circumstances could have an adverse impact on Westgold's operations, business and financial performance.

A declining gold price can also impact operations by requiring a reassessment of the feasibility of mine plans and certain projects and initiatives. The development of new ore bodies, commencement and timing of new open pits or open pit cutbacks, expansion of underground mines, commencement of development projects and the ongoing commitment to exploration projects can all potentially be impacted by a decline in the prevailing gold price. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could potentially cause substantial delays and/or may interrupt operations, which may have a material adverse effect on Westgold's results of operations and financial condition.

No assurance can be given as to the prices Westgold will achieve for its production. Changes in commodity prices, including prices for gold and other commodities, and associated pricing for impurities and treatment charges, may have a positive or negative effect on Westgold's financial performance. The risks associated with such fluctuations and volatility may be reduced by any commodity price hedging Westgold may undertake, however commodity price hedging arrangements come with inherent risks (some of which are summarized further below).

Inherent risks in relation to mining operations

Mining operations generally involve a high degree of inherent risk. Similar to Karora, Westgold's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including: unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins or slides, flooding, pit wall failure, periodic interruption due to inclement or hazardous weather conditions, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other production facilities, personal injury or death, damage to property, environmental damage and possible legal liability.

Mining operations are subject to hazards such as fire, flooding, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. Mining operations can also suffer from poor design or poor reliability of equipment, and adverse impacts to supply chain and transport of plant equipment and the workforce to and from site. The occurrence of any of these events could result in a prolonged interruption of operations, affect the profitability of Westgold's operations, lead to a loss of licences, damage community relations and affect Westgold's reputation.

Some of Westgold's operations are located in remote areas and are affected by severe climate and weather events, resulting in technical challenges for conducting both geological exploration and mining operations. Although Westgold will benefit from modern mining technology, Westgold may be unable to overcome problems related to weather, climate or general remoteness, either expeditiously or at a commercially reasonable cost, which could have an adverse impact on Westgold's business, operations and financial performance.

Operating Risks

The ability of Westgold to achieve production targets or to meet operating and capital expenditure estimates cannot be assured. These uncertainties are more pronounced over a longer period.

Westgold's assets and mining operations are subject to uncertainty with respect to (among other things): ore tonnes, grade, metallurgical recovery and impurities, ground conditions, operational environment, funding for development, availability of power supply, availability of water, regulatory changes, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters, or outbreaks, continuations or escalations of disease (including pandemics).

Costs of production may be affected by a variety of factors, including changing waste-to-ore ratios, geotechnical issues, unforeseen difficulties associated with power supply, water supply and infrastructure, ore grade, metallurgy, labour costs, changes to applicable laws and regulations, general inflationary pressures and currency exchange rates.

Westgold's revenue could also be adversely impacted by increased prices for energy, reagents and other supply chain commodities; increased cost of labour, and other input costs.

Many of these risks are unpredictable and outside the control of Westgold. If faced by Westgold, these circumstances could result in Westgold not realizing its operational or development plans, or such plans costing more than expected, or taking longer to realize than expected. Westgold will endeavour to take appropriate actions to mitigate these operational risks (including by materially adhering to legislative requirements, properly documenting arrangements with counterparties, and adopting appropriate industry practice, policies and procedures) or to insure against them, but the occurrence of any one or combination of these events could have an adverse effect on Westgold's financial and operational performance.

Replacement of Mineral Reserves and exploration activity

Westgold will need to continually replace Mineral Reserves depleted by production to maintain production levels over the long term for ongoing stability of Westgold's operations and financial performance. Mineral Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. There is a risk that depletion of Mineral Reserves will not be offset sufficiently by discoveries or acquisitions, or that divestitures of assets will lead to a lower Mineral Reserve base. The Mineral Reserve base of Westgold may decline if Mineral Reserves are mined without adequate replacement and Westgold's operations may not be able to sustain production beyond the current mine lives, based on current production rates.

Exploration activities are highly speculative by nature, involve many risks and may be unsuccessful. There is no assurance that current or future exploration programs will be successful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. If a discovery is made, it may, in some cases, take up to a decade or longer from the initial phases of exploration drilling until mining is permitted and production is possible. Whether a mineral deposit is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, commodity prices, government regulation, obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities, land tenure, land use, and environmental protection. There is no certainty that the expenditures made by Westgold towards the search for and evaluation of mineral deposits will ultimately result in discoveries of commercial quantities of ore.

Accordingly, if the exploration activities undertaken by Westgold do not result in additional Mineral Reserves or identified Mineral Resources cannot be converted into Mineral Reserves, there may be an adverse effect on Westgold's operational and financial performance.

Estimation risk in Mineral Resources and Mineral Reserves

The estimation of Mineral Resources and Mineral Reserves are expressions of judgement based on industry practice, experience and knowledge, and are estimates only. Estimates of Mineral Resources and Mineral Reserves are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Mineral Resources and Mineral Reserves are accurate or that the indicated level of gold or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques.

Estimates that are valid when made may change significantly when new information becomes available. Actual mineralization or geological conditions may be different from those predicted. No assurance can be given that any or all of Westgold's Mineral Resources constitute or will be converted into Mineral Reserves. Actual Mineral Resources and Mineral Reserves may differ from those estimated, which could have an adverse effect on Westgold's operations, financial performance and financial position.

Various factors, such as commodity price fluctuations as well as increased production costs, may render a part of Westgold's Mineral Reserves unprofitable to develop at a particular site or sites for periods of time or may render such Mineral Reserves containing relatively lower grade mineralization uneconomic. Estimated Mineral Reserves may have to be recalculated based on actual production experience. Any of these factors may require Westgold to reduce

its Mineral Resources and Mineral Reserves, which could have a negative impact on Westgold's operations, financial performance and financial position.

Development risk

For development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

The information provided in this Circular in relation to Westgold's projects are current estimates of Mineral Resources and Mineral Reserves, capital and operating costs, as determined from geological data obtained from drill holes and other exploration techniques, technical studies conducted to date and from historical and current operations. These matters may change over time, which could have an adverse impact on Westgold's operations, financial performance and financial position.

Debt and equity funding (including shareholder dilution)

Westgold's continued ability to operate its business and effectively implement its business plan over time will depend, in part, on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. It is difficult to estimate the level of funding that may be required for Westgold's operations. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to Westgold or Westgold Shareholders.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to Westgold Shareholders (assuming Westgold Shareholders do not participate) and such securities may, subject to requisite Westgold Shareholder approval, have rights, preferences or privileges senior to those currently holding Westgold Shares. While Westgold will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12-month period (other than where exceptions apply), Westgold Shareholders at the time may be diluted as a result of such issues of Westgold Shares and capital raisings.

Westgold has an existing debt facility. In the future, Westgold may need to renegotiate or refinance the terms of these debt facilities or may seek further facilities or replacement facilities with alternative financiers to satisfy its capital requirements. The terms on which debt financiers are willing to offer finance may vary from time to time depending on macro-economic conditions, the performance of Westgold and an assessment of the risks and intended use of funds. If Westgold elects to pursue additional debt finance on terms acceptable to Westgold, such debt finance arrangements may involve restrictions on financing and operating activities.

If sufficient funds are not available from either debt or equity markets to satisfy Westgold's short, medium or long-term capital requirements, when required, this may adversely impact Westgold's operations, financial performance and financial position.

Dependence on licences and permits

Westgold's projects generally require governmental licences, permits, authorizations, concessions and other approvals in connection with their activities ("**Operating Authorizations**"). Obtaining and complying with the necessary Operating Authorizations or governmental regulations can be complex, costly and time consuming and is not assured. The duration, cost and success of applications for Operating Authorizations are contingent on many factors, including those outside the control of Westgold. Delay in obtaining or renewing, or failure to obtain or renew, a material and necessary permit could mean that Westgold may be delayed or, in a worst-case scenario, unable to proceed with the development or continued operation of a mine or project. The Operating Authorizations required for Westgold's projects or operations may not be issued, maintained or renewed either in a timely fashion or at all, which may

For personal use only

constrain the ability of Westgold to conduct its mining activities, which in turn may impact Westgold's operations, financial performance and financial position.

Payment and expenditure obligations risks

Pursuant to the licences comprising Westgold's mineral properties, Westgold is subject to payment and expenditure obligations. In particular, tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenements subject to forfeiture or result in the tenement holders being liable for penalties or fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of Westgold's interest in the properties.

Land access risk

Consistent land access is critical to the operations of Westgold. Immediate and continuing access to land within Westgold's licence and permit areas cannot in all cases be guaranteed as Westgold may be required to obtain or renew the consent of the owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid to the owners and occupiers by Westgold in order for Westgold to carry out its operations. Various aspects of Westgold's future performance and profitability are dependent on the outcome of future negotiations with third parties. In addition to the outcome of negotiations on land access arrangements, future negotiation with the government is expected in respect of licence renewals, developing related infrastructure and work obligations and security for rehabilitation of areas of operation within Westgold's licences and permits. Potential claims by community members and stakeholders, who may have concerns over the social or environmental impacts of Westgold's operations, have the potential to cause community unrest and activism, which may diminish Westgold's reputation.

Native Title and First Nations

In the jurisdictions in which Westgold operates, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands, accordingly, title holders of mining concessions in such jurisdictions must agree with surface landowners on compensation in respect of mining activities conducted on such land. The Native Title Act 1993 (Cth) recognizes certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of Westgold to carry out exploration or obtain production tenements.

Westgold must observe the provisions of Native Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites and objects of significance. In certain circumstances the consent of registered Native Title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the conditions imposed by Native Title claimants on such consent may be on terms unacceptable to Westgold. If any known, or currently undiscovered, Aboriginal Heritage sites are present on the tenements of Westgold there is a risk that the presence of such sites may limit or prevent exploration or mining activity on the affected areas of those tenements. The failure to obtain the approval of the relevant minister to impact the Aboriginal Heritage sites can result in offences being committed and significant fines or orders to stop work being made.

Environmental risk

The operations and activities of Westgold are subject to the environmental laws and regulations of Australia and any other places in which it may conduct business in the future. As with all mining operations and exploration projects, Westgold's operations and activities are expected to have an impact on the environment. Westgold currently intends to conduct its operations and activities to high standards of environmental obligation, including compliance with all environmental laws and regulations. Nevertheless, significant liability could be imposed on Westgold for damages, clean-up costs or penalties in the event of any non-compliance with environmental laws or regulations. This could have an adverse impact on Westgold's business, operations and financial performance.

For personal use only

Additionally, environmental laws and regulations are increasingly evolving to require stricter standards and enforcement behaviours, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility (and liability) for companies and their officers, directors and employees. Changes in environmental laws and regulations deal with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of mining properties, greenhouse gas emissions, the storage, treatment and disposal of wastes, the effects of mining on the water table and groundwater quality. Changes in environmental legislation could increase the cost of Westgold's exploration, development and mining activities or delay or preclude those activities altogether.

Non-physical risks arise from a variety of policy, regulatory, legal, technology, financial and market responses to the challenges posed by climate change and the transition to a lower-carbon economy. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact Westgold's costs and operational efficiency. These impacts could adversely impact Westgold's operations, financial performance and financial position.

Westgold cannot predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Westgold's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige Westgold to incur significant expenses and undertake significant investments which could have material adverse effect on Westgold's business, financial condition and performance.

Closure and rehabilitation risk

At the completion of any existing or future mining operations, Westgold will be required to rehabilitate or otherwise close those operations in accordance with its approved plans and applicable laws and regulations. No assurance can be given that the cost, or time taken, to rehabilitate or otherwise close any mining operation will not exceed any estimates or provisions made by Westgold (or any existing estimates made by Westgold) in respect of such rehabilitation or closure. The ultimate cost of rehabilitation and/or closure of mining operations is uncertain and can vary as a result of many factors, including but not limited to changes in applicable laws and regulations or the emergence of new restoration techniques.

Labour costs and availability

The safe and efficient operation of Westgold's business partially depends on its ability to retain and attract skilled labour. Mining projects are often in remote locations and employees often work based on a fly-in, fly-out or drive-in, drive-out schedule. As a result, there can be shortages of labour that make it challenging to recruit and retain employees. Tightening of the labour market due to a shortage of skilled labour, combined with a high industry turnover rate and growing competition for skilled labour, may impact upon Westgold's ability to hire and retain employees and may lead to exposure to increased labour costs where the demand for labour is strong. A shortage of skilled labour could limit growth prospects, lead to a decline in productivity and an increase in training costs, could adversely affect safety performance and materially adversely impact revenues and, if costs increase or productivity declines, operating margins.

Any disputes with employees (through personal injuries, industrial matters or otherwise), change in labour regulations or laws in the jurisdictions in which Westgold operates, or other developments in the area may cause labour disputes, work stoppages or other disruptions in production that could adversely impact Westgold's business, operations and financial performance. There may also be political, community or reputational risks associated with labour issues.

Key personnel and labour market risk

Westgold will be dependent on the experience, skills and knowledge of its key personnel to successfully manage its business. The loss of any of Westgold's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a significant disruption to Westgold and adversely impact Westgold's operations, financial performance and financial position.

Specialized Skill and Knowledge

Various aspects of the Westgold's business require specialized skills and knowledge. Such skills and knowledge include the areas of engineering, processing, drilling, permitting, geology, drilling, metallurgy, logistical planning and implementation of exploration programs as well as finance and accounting. Westgold's management team and the Westgold Board provide much of the specialized skill and knowledge. Westgold may also retain outside consultants as additional specialized skills and knowledge are required. However, it is possible that Westgold may experience delays and increased costs in locating and/or retaining skilled and knowledgeable employees and consultants in order to proceed with its planned exploration and development at its mineral properties.

Occupational Health and Safety

Westgold's operations are subject to a variety of industry specific health and safety laws and regulations which are formulated to improve and to protect the safety and health of employees.

Mining and mining-related operations and activities can potentially be hazardous. Workplace incidents may occur for various reasons, including as a result of non-compliance with occupational health and safety laws and regulations in Western Australia. Whilst Westgold will seek to implement appropriate practice systems and procedures in respect of occupational health and safety, Westgold may be liable for workplace incidents including industrial accidents, workplace incidents, and any fatalities that occur to Westgold's employees or other persons under such applicable occupational health and safety laws. If Westgold is liable under such laws, in whole or part, Westgold may be liable for significant penalties, which may adversely impact Westgold's operations, financial performance and financial position, as well as negatively affecting Westgold's reputation. Such workplace incidents may not be covered, or may be inadequately covered, by Westgold's insurance policies. Additionally, any accidents or injuries that occur at any of Westgold's operations could result in delays or stoppages to operations and activities.

Any changes to the occupational health and safety laws and regulations in the jurisdictions in which Westgold operates may result in increased costs of, or uncertainties in relation to, compliance with such laws and regulations.

Key Contractors

Westgold may continue to use external contractors or service providers for many of its activities in Australia, and as such, the failure of any current or proposed contractors, subcontractors or other service providers to perform their contractual obligations may negatively impact the business and operations of Westgold. Westgold cannot guarantee that such parties will fulfil their contractual obligations and there is no guarantee that Westgold would be successful in enforcing any of its contractual rights through legal action or that any legal remedies obtained will place Westgold in a similar position to that which it would have been in had the relevant parties performed their obligations in accordance with their contractual obligations. Further, any insolvency or managerial failure by any such contractors or other service providers may adversely impact Westgold's business, operations and financial performance. Further, certain contracts to which Westgold is a party may require renewal from time to time. Whilst Westgold has no reason to anticipate any difficulties obtaining such renewals, no assurance can be given that these such contracts will be renewed on terms that are as favourable to Westgold as the existing terms. Delays in obtaining any required renewals of contracts or obtaining renewals on terms that are unfavourable or detrimental to Westgold, may adversely impact Westgold's business, operations and financial performance.

Economic conditions

The operating and financial performance of Westgold is influenced by a variety of general economic and business conditions, including levels of consumer spending, gold prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, pandemics or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on Westgold's operating and financial

performance and financial position. Westgold's future revenues and share prices can be affected by these factors, which are beyond Westgold's control.

Share market conditions

The price at which Westgold Shares are quoted on the ASX or TSX may increase or decrease due to a number of factors.

These factors may cause the Westgold Shares to trade at prices below the Westgold Share price at the date of announcement of the Arrangement. There is no assurance that the price of the Westgold Shares will increase following implementation of the Arrangement, even if Westgold's earnings increase. Some of the factors which may adversely impact the price of the Westgold Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, country trade and importation policies, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Westgold operates and general operational and business risks. There is also no assurance that there will always be an active market for Westgold Shares.

No certainty that Westgold will pay dividends

Any future determination as to the payment of dividends by Westgold will be at the discretion of the Westgold Board and will depend on the financial condition of Westgold, future capital requirements and general business and other factors considered relevant to the Westgold Board. No assurance in relation to the continued or future payment of dividends or franking credits attaching to dividends can be given by Westgold. Refer to the Section titled "*Dividends or Distributions*" for further information about Westgold's dividend policy.

Regulatory risk

The operations of Westgold are subject to various Australian federal, state and local laws and regulations. The laws include those relating to mining, prospecting, development permit and licensing requirements, industrial relations, environment, land use, water, royalties, native title and cultural heritage, mine safety and occupational health. These laws and regulations (and the interpretation of such laws and regulations) are subject to change and there is the potential for significant penalties to be levelled on Westgold for failure to comply with such laws and regulations and/or failure to take satisfactory corrective action for any failure to comply. This may have an adverse impact on Westgold's business, operations and financial performance.

Renewals of existing approvals, licences and permits, or the granting of new approvals, licences and permits required for Westgold's ongoing activities, is subject to the discretion of authorities including governments and regulatory agencies and, in some cases, local communities. No assurance can be given that Westgold will be successful in obtaining extensions and/or grants of required approvals, licences and permits, including in a timely manner or subject to economically viable terms and conditions. Additionally, the occurrence of unforeseen circumstances or events may impact Westgold's ability to maintain compliance with the conditions of existing approvals, licences and permits. The failure of Westgold to comply with the conditions of existing approvals, licences and permits may adversely impact Westgold's business, operations and financial performance.

Westgold may be subject to legal challenges on the validity of any approvals, licences and permits. Any of the circumstances described above may have a material adverse impact on Westgold's business, operations and financial performance, including in situations where Westgold is curtailed or prohibited from continuing or proceeding with its operations and activities as a result of a failure to obtain, renew or maintain required approvals, licences and permits.

Changes in taxation rules and royalties or their interpretation

Any change to the current rate of income tax or mineral royalties in jurisdictions where Westgold does or may operate may impact on the profitability and performance of Westgold. Changes in tax law (including value added taxes and

stamp duties), or changes in the way taxation laws are interpreted may impact Westgold's tax liabilities or the tax treatment of an investment in Westgold. In particular, both the level and basis of taxation may change.

In addition, an investment in shares in Westgold involves tax considerations which may differ for each individual shareholder. Each Karora Shareholder is encouraged to seek professional tax advice in connection with the Arrangement and how they may be individually impacted.

Litigation risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that lack merit. Due to the inherent uncertainty of litigation, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which Westgold is or may become subject could have a material effect on Westgold's financial position, results of operations or project development activities.

Investigations

Westgold may be subject to legal and regulatory investigations, reviews and other compliance queries from regulators and enforcement bodies from time to time. If adverse findings are made by a regulatory or enforcement body as a result of an investigation or review, there may be reputational consequences for Westgold, a risk of civil and criminal penalties, statutory or regulatory sanctions, a requirement to pay compensation and/or infringement notices or fines. Further, Westgold may be subject to recommendations and directions to enhance its control framework, governance and systems. Any material investigation or adverse finding resulting from those investigations involving Westgold could have a material adverse impact on the operations, financial performance and financial position of Westgold.

Acquisition and divestment risk

From time to time, Westgold may evaluate opportunities for acquisition and divestment of assets and participate in discussions with third parties on a confidential basis. Neither these opportunities nor negotiations will be disclosed publicly until such time as the prospects of effecting a transaction are sufficiently certain and the materiality of any proposed transaction has been determined. The execution and implementation of any proposed transaction may impact Westgold's operations, business and financial performance, and lead to a change in Westgold's future capital, operating expenditure and funding requirements. However, no assurance is given that any such transaction will emerge or be consummated.

Insurance risk

Westgold will maintain insurance coverage to protect against certain risks with such scope of coverage and in such amounts as determined appropriate by the Westgold Board and management in the circumstances or to the extent commercially available. However, the insurance policies may not be sufficient to cover all of the potential risks associated with Westgold's operations. No assurance can be given that Westgold will be able to obtain or maintain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all risks or claims on acceptable terms, or that any insurance cover or policy will ultimately respond to a claim made. Losses, liabilities and delays arising from uninsured or underinsured events could have a material adverse impact on the operations, financial performance and financial position of Westgold.

Force majeure events

Events may occur within or outside Australia that could impact upon the Australian economy, Westgold's operations and the price of Westgold Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for Westgold's products and its ability to operate its assets or may otherwise adversely impact Westgold's operations, financial performance and financial position. Westgold only has a limited ability to insure against some of these risks.

Climate change

The physical and non-physical impacts of climate change may affect Westgold's assets, its productivity, the markets in which it sells its products, and the communities in which Westgold operates. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.

Non-physical risks arise from a variety of policy, regulatory, legal, technology, financial and market responses to the challenges posed by climate change and the transition to a lower-carbon economy. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact Westgold's costs and operational efficiency.

Westgold may be adversely impacted by the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation, as well as changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further adversely impact Westgold and its business, operations and financial performance. While Westgold intends to manage these risks and limit any consequential impacts, there can be no guarantee that Westgold will not be adversely impacted by these occurrences.

Exchange Rate fluctuations

Westgold Shares are quoted in Australian dollars and are listed on the ASX. An investment in Westgold Shares by an investor in a jurisdiction, in which the principal currency is not Australian dollars, exposes the investor to foreign currency rate risks. Any depreciation of the Australian dollar may reduce the value of the investment of the investor in terms of their local currency.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

On May 29, 2024, Ramelius Resources Limited lodged an application in the Panel in relation to the affairs of Westgold. Refer to the Panel media release lodged on Westgold's ASX platform, available at <https://www.westgold.com.au/> and <https://www.asx.com.au/> for further information.

Other than as disclosed in this Circular, Westgold is not or was not a party to any material legal proceedings since June 30, 2022, and there are no material legal proceedings to which any of Westgold's property is subject, and no such proceedings are known to Westgold to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Westgold is not aware of any material interest of any Westgold Director, executive officer, any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Westgold Shares, or any associate or affiliate of the foregoing persons, in any transaction within the three years before the date of this Circular that has materially affected, or is reasonably expected to materially affect, Westgold.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The external auditor of Westgold is Ernst & Young located at 11 Mounts Bay Road, Perth Western Australia 6000.

The transfer agent and registrar of the Westgold Shares is Computershare Investor Services Pty Ltd located at Level 17, 221 St Georges Terrace, Perth Western Australia 6000.

MATERIAL CONTRACTS

Other than the contracts entered into in the ordinary course of business and as disclosed below, there are no material contracts entered into by Westgold since the beginning of the most recently completed fiscal year, or that are still in effect prior to the date of this Circular.

- the Facility Agreement; and
- the Arrangement Agreement.

INTERESTS OF EXPERTS

Names of Experts

Ernst & Young have prepared the independent auditor's report for the audited annual consolidated financial statements of Westgold for the years ended June 30, 2023 and June 30, 2022, copies of which have been provided in Exhibit B to this Appendix L. Ernst & Young has advised Westgold that they are independent of Westgold within the meaning of the Corporations Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants that are relevant to the audit of Westgold's financial statements in Australia.

The scientific and technical information in this Appendix L regarding Westgold's projects referred to in the "*Mineral Projects*" section is based on the Westgold Technical Reports prepared by Mr. Jake Russell (BSc. (Hons) MIAG) and Mr. Leigh Devlin (B.Eng, FAusIMM) of Westgold, each of whom are qualified persons under NI 43-101, and reviewed and approved by Mr. Simon Rigby (BSc. (Hons), MAIG), a full-time employee of Westgold, a qualified person as defined by NI 43-101 criteria. Mr. Rigby is not considered independent under NI 43-101 as he is a full-time employee of Westgold.

Interests of Experts

To the knowledge of Westgold, as of the date of this Circular, none of Ernst & Young, Mr. Jake Russell, Mr. Leigh Devlin and Mr. Simon Rigby, nor any of their "designated professionals" as defined in NI 51-102, hold any beneficial interest in, directly or indirectly, Westgold Shares or securities convertible into Westgold Shares, equal to or greater than one percent (1%) of the issued and outstanding Westgold Shares.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Included as Exhibit B to this Appendix L are the following financial statements:

- the annual reports of Westgold with respect to the financial years ended June 30, 2023, 2022 and 2021; and
- Westgold's interim condensed financial report for the three and nine months ended March 31, 2024.

Included as Exhibit C to this Appendix L are the following management's discussion and analysis:

- for the years ended June 30, 2023 and 2022; and
- for the three and nine months ended March 31, 2024.

OTHER MATERIAL FACTS

There are no other material facts relating to Westgold that are necessary to disclose in order to have full, true and plain disclosure of all material facts relating to the Westgold Shares.

ADDITIONAL INFORMATION

Additional information relating to Westgold may be found on the ASX website at www.asx.com.au and at Westgold's website at <https://www.westgold.com.au/>.

For personal use only

**EXHIBIT A TO Appendix L
AUDIT COMMITTEE CHARTER**

See attached.

For personal use only

AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER



WESTGOLD
RESOURCES LIMITED

INTRODUCTION

The Board of Directors (the Board) of Westgold Resources Limited (Westgold or the Company) has resolved to establish an Audit, Risk and Compliance Committee of the Board (the Committee).

PURPOSE

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

ROLE

The primary role of the Committee is to assist the Board to fulfil its responsibilities by overseeing, monitoring, reviewing and reporting to the Board on:

- the implementation and effectiveness of the Company's Risk Management System including its related bodies corporate as defined in the Corporations Act (Ch) 2001
- the effectiveness of the control environment of Westgold and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)) (the **Group**) in the areas of balance sheet risk, relevant legal and regulatory compliance and financial reporting
- the adequacy of the control processes in place in relation to the preparation of financial and other information prepared by management, in particular those reports to be provided to shareholders and/or filed with regulators
- the Group's relationship with the external auditor and the external audit function generally as set out in the External Audit Policy (see Attachment 1); and
- the implementation and effectiveness of the Company's systems and processes for ensuring compliance with all applicable laws, regulations industry codes, company policies and material licenses, permits and agreements.

AUTHORITY

Within the scope of its responsibilities, the Committee is generally authorised to:

- consult with and seek any information from any Director or employee of Westgold or any external party
- access external auditors without management present
- resolve any disagreement between management and the external auditor, with areas of significant disagreement being advised to the Board
- obtain professional advice and education from external consultants or specialists as it considers necessary to assist the Committee in meeting its responsibilities; and
- require the attendance of any Westgold employee at Committee meetings.

MEMBERSHIP

Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional non-executive directors to the Committee and may remove or replace members of the Committee by ordinary resolution. The Committee should be of sufficient size and independence and all Committee members must have sufficient financial knowledge and understanding and must be financially literate (able to read and understand financial statements) as well as having a sound understanding of the industry in which Westgold operates to allow them to discharge their responsibilities under this Charter. At least one member must have expertise in financial and accounting matters. The Committee must contain:

- only non-executive directors
- a majority of independent directors; and
- at least three members of the Board.

Members of the Committee may withdraw from the Committee by notifying the Board in writing.

The Chair of the Committee (**Committee Chair**) must be an independent non-executive Director and must not be the Chair of the Board.

If the Committee Chair is unable to attend a Committee meeting, the Committee members present at that meeting must appoint a Committee member to chair the meeting.

Other Directors who are not Committee members may attend meetings of the Committee should they wish and are entitled to receive all Committee papers. Selected members of management may attend meetings of the Committee by invitation.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as set out in this section. The Board may from time-to-time delegate other responsibilities and functions to the Committee.

Risk Management

The following forms part of the Committee's responsibility:

- oversee and review, at least annually, the Company's Risk Management System to ensure its effectiveness and that the Company is operating with due regard to the risk appetite set by the Board
- oversee the development and approval of a position statement on risk appetite in relation to Business-Critical Risks and the definition of materiality. This is to be captured in the Company's Risk Management Policy and associated Risk Management System Standard
- monitor management's performance against the Company's Risk Management System, including whether it is operating within the risk appetite set by the Board

- ensure that the Risk Management System deals adequately with new and emerging sources of risk, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, and the risk controls and mitigation measures that management has put in place to deal with those risks
- make recommendations to the Board in relation to changes that should be made to the Company's Risk Management System or to the risk appetite set by the Board
- review the risk culture within the Company and report this to the Board
- review sustainability risk to monitor how sustainability related risks are being managed by the Company
- review any material incident involving a breakdown of Westgold's risk controls and the "lessons learned"
- review at least biannually the Company's current Business Critical Risks and their associated treatment strategies
- review and report to the Board on the risk management disclosure in the Company's Annual Report, and all other risk management information published by the Company or released to the market
- review, at least annually and if necessary, approve any changes to the Risk Management System Standard; and
- reviewing and making recommendations on the strategic direction, objectives and effectiveness of the Group's financial risk management policies.

Audit

The Committee's specific function on audit is to review and report to the Board that:

- a regular program of external audit is undertaken to test the adequacy of compliance with prescribed policies
- the system of control, which management has established, effectively safeguards the assets of the Group
- processes are in place such that accounting and other records are properly maintained in accordance with statutory requirements; and
- processes exist to reasonably guarantee that financial and other information provided to investors and the Board is accurate and reliable.

The following forms part of the Committee's responsibility:

- evaluating the adequacy, effectiveness and appropriateness of the Group's administrative, operating and accounting control systems and policies
- reviewing and evaluating controls and processes in place to ensure compliance with approved policies, applicable accounting standards and other requirements relating to the preparation and presentation of financial and other results

- overseeing the Group's financial reporting and overall disclosure processes and the outputs of those processes
- reviewing and making recommendations to the Board on the quarterly, half and full year financial reports
- reviewing and recommending to the Board the approval of the quarterly activity reports for release to the ASX
- determining the reliability, integrity and effectiveness of accounting policies and financial reporting and disclosure practices, including review and approval any significant non-mandatory accounting policy change
- reviewing (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports and approving all significant accounting policy changes
- evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies, guidelines and limits approved by the Board for the management of balance sheet risks
- review and make recommendations on the declaration from the Managing Director/Chief Executive Officer and Chief Financial Officer to the Board, as suggested by the ASX Corporate Governance Council's, Corporate Governance Principles and Recommendations and any statement given in accordance with section 295A; and
- review and approval of all asset impairments in accordance with risk appetite.

The following forms part of the Committee's external audit responsibility:

- recommending to the Board the appointment and removal of the external auditors and reviewing the terms of engagement
- review and reporting on the performance and independence of external auditors
- review the audit plan and close out report of the external auditors
- monitoring the effectiveness and independence of the external auditor, including reviewing the level of non-audit services provided by the external auditor and ensuring it does not adversely impact on auditor independence
- obtaining assurances that the audit is conducted in accordance with the Auditing Standards and all other relevant accounting policies and standards
- reviewing and appraising the quality of audits conducted by the Group's external auditors and confirming their respective authority and responsibilities; and
- monitoring the relationship between management and the external auditors.

Internal Control

The following forms part of the Committee's responsibility:

- consider the effectiveness of the Company's internal control system, policies and procedures, including information technology security and control; and
- understand the scope of reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Fraud Control

The following forms part of the Committee's responsibility:

- evaluate the Company's exposure to fraud and review any material incident involving fraud or malfeasance and the "lessons learned".

Compliance

The following forms part of the Committee's responsibility:

- review the effectiveness of the system for monitoring compliance with all applicable laws, regulations, industry codes, company policies and material licences, permits and agreements, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- review the findings of any examinations by regulatory agencies and any auditor observations
- obtain regular updates from management and company legal counsel regarding compliance matters; and
- review and report to the Board, the compliance culture within the Company.

Other Responsibilities

The following forms part of the Committee's responsibility:

- review and approve:
 - ◆ all asset impairments in line with the Company's risk appetite
 - ◆ the Company's financial risk management policies.
- oversee the Company's insurance program, having regard to the Company's business and insurable risks; and
- assess and approve for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime and special accident.

MEETINGS

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will meet at least twice each year. A notice of meeting, agenda and relevant supporting documents must be provided at least seven days before each meeting.

A quorum consists of the lesser of two members or a majority of members of the Committee.

The Company Secretary will attend all Committee meetings as the Committee secretary. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

The Committee Chair may invite any person(s) to attend meetings of the Committee, but not necessarily for the full duration of the meeting, a standing invitation will be issued to:

- all other Directors
- the CEO
- the CFO
- the General Counsel
- External Auditors
- and other relevant members of management.

The minutes of a Committee meeting will be prepared for the approval by the Committee and will be circulated to all Directors in the papers for the next full Board meeting after each Committee meeting.

ADMINISTRATIVE MATTERS

The Company will disclose this Charter on its website and will disclose the following in its Annual Corporate Governance Statement:

- committee membership
- the relevant experience and qualifications of each Committee member
- the number of times the Committee met during the financial year;
- the individual attendances of members at Committee meetings
- whether the Risk Management System has been reviewed during the financial year including any insights gained from the review(s) and any changes to the Risk Management System as a result of the review(s); and
- whether it has any material exposure to environmental and social risks, and, if it does, how the Company manages or intends to manage these risks.

REPORTING

The Committee will report to the Board on all matters relevant to the Committee's roles and responsibilities, including:

- assessment of the overall adequacy and effectiveness of the Risk Management System including the risk culture
- assessment of whether external reporting is consistent with Committee members' information and knowledge and whether it is adequate for shareholder needs
- assessment of the management processes supporting external reporting;
- procedures for the selection and appointment of the external auditor and for the rotation of external auditor engagement partners
- recommendations for the appointment or, if necessary, the removal of the external auditor
- assessment of the performance and independence of external auditor. Where the external auditor provides non-audit services, the report should state whether the Committee is satisfied that the provision of those services has not compromised the auditor's independence; and
- assessment of the overall adequacy and effectiveness of the compliance framework and compliance culture.

The report will include details of meeting agendas, papers and minutes of the Committee.

The Committee Chair will also, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.

REVIEW

The Board will, at least once in each year review the membership and Charter of the Committee to ensure it remains consistent with the Board's objective and responsibilities.

ATTACHMENT 1 - EXTERNAL AUDIT POLICY

APPOINTMENT

The Audit, Risk and Compliance Committee (the **Committee**) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) to recommend to the Board the appointment, reappointment or replacement of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

Assessment of External Auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff
- the adequacy of resources to achieve the scope as outlined in the audit plan; and
- the value received from the external audit including comparing the final remuneration payable to the external auditor with the original estimate in the audit plan provided to Westgold plus agreed variations.

The Committee will seek feedback from management during the assessment process.

Independence

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non audit services and to ensure compliance with that policy.

Rotation of External Audit Engagement Partner

Subject to compliance with the Corporations Act, ASX Listing Rules and corporate governance best practice, the external audit engagement partner is required to rotate at least once every 5 years.

**EXHIBIT B TO Appendix L
FINANCIAL STATEMENTS**

Table of Contents

Interim Condensed Financial Report for the Three and Nine Months Ended March 31, 2024L-B-2
Annual Report for the Financial Year Ended June 30, 2023L-B-24
Annual Report for the Financial Year Ended June 30, 2022.....L-B-137

For personal use only

For personal use only



INTERIM CONDENSED FINANCIAL REPORT
For Three and Nine Months Ended
31 March 2024

CONTENTS

CORPORATE DIRECTORY.....	1
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024.....	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024.....	3
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024.....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS ENDED 31 MARCH 2024.....	5
NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024.....	6
DIRECTORS' DECLARATION	18
INDEPENDENT REVIEW REPORT	19



CORPORATE DIRECTORY

DIRECTORS

Hon. Cheryl Edwardes AM (Non-Executive Chair)
Wayne C Bramwell (Managing Director)
Fiona J Van Maanen (Non-Executive Director)
Gary R Davison (Non-Executive Director)
Julius L Matthys (Non-Executive Director)
David N Kelly (Non-Executive Director)

COMPANY SECRETARY

Susan Park

SENIOR EXECUTIVES

Su Hau Heng (Chief Financial Officer)
Phillip Wilding (Chief Operating Officer)

REGISTERED OFFICE

Level 6, 200 St Georges Terrace
Perth WA 6000

P: +61 8 9462 3400
E: reception@westgold.com.au
W: www.westgold.com.au

POSTAL ADDRESS

PO Box 7068
Cloisters Square WA 6850

SECURITIES EXCHANGE

Listed on the Australian Securities Exchange and the OTC Best Market

ASX Code: WGX
OTCQX Code: WGXRF

SHARE REGISTRY

Computershare Investors Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6000

P: +61 8 9323 2000
F: +61 8 9323 2033
W: www.computershare.com

DOMICILE AND COUNTRY OF INCORPORATION

Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024

	Note	Three months ended 31 March,		Nine months ended 31 March,	
		2024 \$	2023 \$	2024 \$	2023 \$
Continuing operations					
Revenue	3	148,052,074	158,807,682	511,151,062	474,841,452
Cost of sales		(145,509,623)	(151,266,915)	(436,542,188)	(477,088,948)
Gross profit/(loss)		2,542,451	7,540,767	74,608,874	(2,247,496)
Other income	4	2,463,674	1,863,449	7,355,227	3,234,861
Gain on disposal of property, plant and equipment	8	1,531,125	395,814	1,191,327	4,364,701
Finance costs		(1,209,245)	(876,608)	(3,285,117)	(4,119,044)
Other expenses	5	(6,045,258)	(3,433,643)	(16,284,928)	(11,637,947)
Profit/(loss) before income tax from continuing operations		(717,253)	5,489,779	63,585,383	(10,404,925)
Income tax (expense)/benefit		996,579	(1,396,835)	(19,517,391)	3,354,983
Net profit/(loss) for the year		279,326	4,092,944	44,067,992	(7,049,942)
Other comprehensive profit for the year, net of tax		-	-	-	-
Total comprehensive profit/(loss) for the year		279,326	4,092,944	44,067,992	(7,049,942)
Total comprehensive profit/(loss) attributable to:					
members of the parent entity		279,326	4,092,944	44,067,992	(7,049,942)
		279,326	4,092,944	44,067,992	(7,049,942)
Earnings/(loss) per share attributable to the ordinary equity holders of the parent (cents per share)					
Basic earnings/(loss) per share					
Continuing operations		0.06	0.86	9.30	(1.49)
Diluted earnings/(loss) per share					
Continuing operations		0.06	0.86	9.16	(1.49)

For personal use only

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

	Note	31 March 2024 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		213,332,624	176,411,855
Trade and other receivables		7,008,843	6,854,911
Inventories	6	87,772,920	82,739,473
Prepayments		4,754,701	6,449,836
Other financial assets		1,649,443	4,149,443
Total current assets		314,518,531	276,605,518
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	7	-	8,157,712
Property, plant and equipment	8	191,888,097	140,903,171
Mine properties and development	9	292,273,773	258,787,650
Exploration and evaluation expenditure	10	140,639,786	123,487,370
Right-of-use assets	11	3,667,368	5,310,415
Total non-current assets		628,469,024	536,646,318
TOTAL ASSETS		942,987,555	813,251,836
CURRENT LIABILITIES			
Trade and other payables		129,485,799	79,227,398
Provisions		16,955,433	11,809,258
Interest-bearing loans and borrowings	12	18,784,844	15,942,787
Total current liabilities		165,226,076	106,979,443
NON-CURRENT LIABILITIES			
Provisions		65,968,083	66,274,692
Interest-bearing loans and borrowings	12	22,168,214	11,548,031
Deferred tax liabilities		49,928,113	30,110,372
Total non-current liabilities		138,064,410	107,933,095
TOTAL LIABILITIES		303,290,486	214,912,538
NET ASSETS		639,697,069	598,339,298
EQUITY			
Issued capital	13	462,697,127	462,997,480
Accumulated losses		(23,744,004)	(63,075,769)
Share-based payments reserve		19,250,315	16,923,956
Other reserves		181,493,631	181,493,631
TOTAL EQUITY		639,697,069	598,339,298

For personal use only

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024**

	Three months ended,		Nine months ended,	
	2024	2023	2024	2023
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Receipts from customers	146,078,348	158,807,673	509,177,336	474,840,345
Interest received	2,223,672	886,709	6,103,024	2,348,428
Receipts from other income	2,187,184	422,913	2,481,637	796,418
Payments to suppliers and employees	(101,061,413)	(111,178,176)	(306,257,294)	(375,535,951)
Interest paid	(585,359)	(402,423)	(1,424,320)	(1,312,571)
Net cash flows from operating activities	48,842,432	48,536,696	210,080,383	101,136,669
INVESTING ACTIVITIES				
Payments for property, plant and equipment	(3,708,289)	(16,639,042)	(27,726,141)	(35,073,907)
Payments for mine properties and development	(46,974,062)	(18,115,934)	(126,441,039)	(75,318,569)
Payments for exploration and evaluation	(5,996,124)	(3,972,368)	(17,152,416)	(14,248,187)
Payments for financial assets	-	(855,982)	-	(855,982)
Proceeds from sale of financial assets	-	-	8,632,232	-
Payments for performance bond facility	-	-	-	(2,219,410)
Proceeds from performance bond facility	-	-	2,500,000	-
Proceeds from sale of property, plant and equipment	1,596,921	473,032	2,281,046	4,781,642
Net cash flows used in investing activities	(55,081,554)	(39,110,294)	(157,906,318)	(122,934,413)
FINANCING ACTIVITIES				
Payment of equipment loans	(4,670,032)	(1,143,321)	(13,367,821)	(5,661,223)
Payment for lease liabilities	(331,526)	(1,706,618)	(1,885,475)	(5,084,688)
Net cash flows used in financing activities	(5,001,558)	(2,849,939)	(15,253,296)	(10,745,911)
Net increase /(decrease) in cash and cash equivalents	(11,240,680)	6,576,463	36,920,769	(32,543,655)
Cash and cash equivalents at the beginning of the period	224,573,304	143,581,384	176,411,855	182,701,502
Cash and cash equivalents at the end of the period	213,332,624	150,157,847	213,332,624	150,157,847

For personal use only

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 31 MARCH 2024**

	Issued capital (note 13) \$	Accumulated losses \$	Share-based payments reserve \$	Equity reserve \$	Total Equity \$
2023					
At 1 July 2023	462,997,480	(63,075,769)	16,923,956	181,493,631	598,339,298
Profit for the period	-	44,067,992	-	-	44,067,992
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the period net of tax	-	44,067,992	-	-	44,067,992
Transactions with owners in their capacity as owners					
Share-based payments	-	-	2,326,359	-	2,326,359
Share issue costs, net of tax	(300,353)	-	-	-	(300,353)
Dividends paid	-	(4,736,227)	-	-	(4,736,227)
At 31 March 2024	462,697,127	(23,744,004)	19,250,315	181,493,631	639,697,069
2022					
At 1 July 2022	463,468,148	(73,079,253)	15,884,931	181,493,631	587,767,457
Loss for the period	-	(7,049,942)	-	-	(7,049,942)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the period net of tax	-	(7,049,942)	-	-	(7,049,942)
Transactions with owners in their capacity as owners					
Share-based payments	-	-	627,248	-	627,248
Share issue costs, net of tax	(353,003)	-	-	-	(353,003)
At 31 March 2023	463,115,145	(80,129,195)	16,512,179	181,493,631	580,991,760

For personal use only

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024

1. CORPORATE INFORMATION

The interim condensed financial report of Westgold Resources Limited for the three and nine months period ended 31 March 2024 was authorised for issue in accordance with a resolution of the directors on 14 June 2024.

Westgold is a for-profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX) and on the OTCQX Best Market (OTCQX).

Westgold is a gold producing company. The Corporation's assets are located in Western Australia and comprise its 100% interest in mines in the *Murchison CGO*, *Murchison MGO* and *Bryah Operations*; its 100% interest in the processing facilities.

The address of the registered office is Level 6, 200 St Georges Terrace, Perth, WA 6000.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the interim condensed financial report

This general purpose interim condensed financial report for the three and nine months period ended 31 March 2024 has been prepared in accordance with AASB 134 Interim Financial Reporting.

The interim condensed financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the interim condensed financial report be read in conjunction with the annual report of Westgold for the year ended 30 June 2023, the half year report of Westgold for the period ended 31 December 2023 and considered together with any public announcements made by Westgold and its controlled entities during the three and nine months period ended 31 March 2024 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report is presented in Australian dollars (A\$) unless otherwise specified.

(b) Basis of consolidation

The Interim condensed financial report is comprised of the financial statements of Westgold (the Company) and its controlled entities (the Group).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. There was no change in ownership of controlled entities during the nine months period.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) New and amended accounting standards and interpretations

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2023. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim periods.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) New and amended accounting standards and interpretations (continued)

There is no other new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2023.

	Three months ended,		Nine months ended,	
	2024 \$	2023 \$	2024 \$	2023 \$
3. REVENUE				
Sale of gold at spot	147,538,614	84,439,104	484,681,621	217,169,915
Sale of gold under forward contracts	-	73,782,000	24,594,000	256,044,366
Sale of silver	513,460	586,578	1,875,441	1,627,171
Total revenue from contracts with customers	148,052,074	158,807,682	511,151,062	474,841,452
4. OTHER INCOME				
Interest income calculated using the effective interest rate method	2,214,917	898,824	6,274,511	2,321,703
Fair value gain/(loss) on remeasurement of financial assets	-	541,713	474,520	116,739
Other income	248,757	422,912	606,196	796,419
Total other income	2,463,674	1,863,449	7,355,227	3,234,861
5. ADMINISTRATION EXPENSES				
Employee benefits expense				
Salaries and wages expense	2,453,776	1,236,976	7,544,557	5,036,368
Directors' fees and other benefits	150,000	138,750	450,000	762,553
Other employee benefits	110,015	21,758	207,169	54,683
Share-based payments expense	1,040,616	411,777	2,326,359	627,248
	3,754,407	1,809,261	10,528,085	6,480,852
Other administration expenses				
Consulting expenses	243,306	217,574	1,057,397	1,210,185
Travel and accommodation expenses	60,607	51,184	272,011	162,561
Business development expenses	1,099,328	197,773	1,751,707	405,818
Other costs	692,448	928,354	2,049,347	2,674,776
	2,095,689	1,394,885	5,130,462	4,453,340
Depreciation expense				
Property plant and equipment	90,620	93,391	270,328	295,289
Right-of-use assets (Note 11)	104,542	136,106	356,053	408,466
	195,162	229,497	626,381	703,755
Total administration expenses	6,045,258	3,433,643	16,284,928	11,637,947

	31 March 2024	30 June 2023
	\$	\$
6. INVENTORIES		
Ore stocks	7,798,407	25,577,725
Gold in circuit	17,014,330	16,293,902
Gold metal	23,553,457	3,901,481
Stores and spares	45,877,583	44,459,486
Provision for obsolete stores and spares	(6,470,857)	(7,493,121)
Inventories at lower of cost and net realisable value	87,772,920	82,739,473

During the three and nine months period ended 31 March 2024, there were reversals in inventories of \$2,999,310 and \$2,730,863, respectively (same period in 2023: reversal of \$625,352 and \$1,204,109, respectively) from continuing operations for the Group. This amount was included in the cost of sales line in the Consolidated Statement of Comprehensive Income.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed Shares

These financial assets consist of investments in ordinary shares. The fair value of financial assets at fair value through profit or loss has been determined directly by reference to published price quotations in an active market.

All listed shares were disposed during the nine months period.

Movement in investments during the nine months ended 31 March 2024 are as follows:

- All Group's investment in Musgrave Minerals Limited was sold during the period and the balance as at 31 March 2024 was nil (30 June 2023: \$4,182,673).
- All Group's investment in Alto Metals Limited was sold during the period and the balance as at 31 March 2024 was nil (30 June 2023: \$3,975,039).

The fair value gain of \$474,520 during the nine months period (2023: 116,739) is reported in note 4.

8. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 31 March 2024:

- The Group incurred \$82,809,298 (2023: \$35,073,907) in relation to property, plant and equipment acquisitions.
- The Group received \$2,281,046 (2023: \$4,781,642) in relation to the sale of plant and equipment and incurred a net gain on disposal of \$1,191,327 (2023: net gain of \$4,364,701).

9. MINE PROPERTIES AND DEVELOPMENT

During the nine months ended 31 March 2024, the Group incurred \$126,441,039 (2023: \$75,318,569) in relation to mine properties and development costs. During the nine months period, there were transfers of \$nil (2023: \$nil) to mine properties and development from exploration and evaluation as mining areas commenced development.

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024 (CONTINUED)

10. EXPLORATION AND EVALUATION EXPENDITURE

During the nine months ended 31 March 2024, the Group incurred \$17,152,416 (2023: \$14,248,187) in relation to exploration and evaluation expenditure.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

No areas of interest were determined to be impaired during the nine months period (2023: nil).

11. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Leases of mining equipment generally have lease terms between three and seven years, while motor vehicles and buildings generally have lease terms between three and five years.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the nine months period:

	Power Stations \$	Premises \$	Mining Equipment \$	Total \$
As at 1 July 2022	5,749,531	4,602,730	462,441	10,814,702
Additions	277,191	-	-	277,191
Depreciation expense	(4,366,961)	(712,953)	(402,885)	(5,482,799)
As at 31 March 2023	1,659,762	3,889,777	59,556	5,609,095
As at 1 July 2023	829,800	3,652,175	828,440	5,310,415
Remeasurement	-	(49,275)	-	(49,275)
Additions	-	-	231,805	231,805
Depreciation expense	(829,800)	(569,604)	(426,173)	(1,825,577)
As at 31 March 2024	-	3,033,296	634,072	3,667,368

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Nine months ended, 31 March 2024 \$	Nine months ended, 31 March 2023 \$
As at 1 July	5,595,472	10,909,353
Additions	182,530	277,191
Accretion of interest	385,543	484,614
Payments	(2,271,019)	(5,569,303)
As at 31 March	3,892,526	6,101,855

The following are the amounts recognised in profit or loss:

Depreciation expense for right-of-use assets		
Included in cost of sales	1,469,524	5,074,332
Included in admin expenses (Note 5)	356,053	408,466
Interest expense on lease liabilities	385,343	484,614
Total amount recognised in profit or loss	2,210,920	5,967,412

12. INTEREST-BEARING LOANS AND BORROWINGS

Current	31 March 2024 \$	30 June 2023 \$
Lease liabilities	1,358,791	2,111,143
Equipment loans	17,426,053	13,831,644
	18,784,844	15,942,787
Non-Current		
Lease liabilities	2,533,735	3,484,329
Equipment loans	19,634,479	8,063,702
	22,168,214	11,548,031

The Group executed a Syndicated Facility Agreement (SFA) with ING Bank and Société Generale. The SFA provides the Group with a A\$100M revolving corporate facility with a three-year term, which the Group is able to utilise for general corporate purposes. During the three and nine months ended 31 March 2024, the SFA remains undrawn.

This facility is subject to the fulfilment of financial covenants, as are commonly found in lending arrangements with financial institutions. The Group regularly monitors its compliance with these covenants. As at 31 March 2024, none of the covenants relating to this facility have been breached.

13. ISSUED CAPITAL

Issued capital	31 March 2024 \$	30 June 2023 \$
<i>Ordinary shares</i>		
Issued and fully paid	462,697,127	462,997,480
Movements in ordinary shares on issue	Number of shares on issue	\$
At 1 July 2022	473,622,730	463,468,148
Share issue costs	-	(353,003)
At 31 March 2023	473,622,730	463,115,145
At 1 July 2023	473,622,730	462,997,480
Share issue costs	-	(300,353)
At 31 March 2024	473,622,730	462,697,127

14. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments determined by the location of the mineral being mined or explored, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable segments comprise the following:

Murchison Operations	Mining, treatment, exploration and development of gold assets
Bryah Operations	Mining, treatment, exploration and development of gold assets

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024 (CONTINUED)

14. OPERATING SEGMENTS (CONTINUED)

Other

Certain income and expenses are managed on a consolidated basis and are not allocated to operating segments. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

The following table presents revenue and profit information regarding the Group's operating segments.

	Murchison \$	Bryah \$	Other \$	Total \$
For the three months ended 31 March 2024				
External revenue				
Sale of gold				
- at spot	106,893,306	40,645,308	-	147,538,614
- under forward contracts	-	-	-	-
Sale of silver	490,381	23,079	-	513,460
Total revenue	107,383,687	40,668,387	-	148,052,074
Segment profit/ (loss)	(2,839,459)	4,956,654	(783,990)	1,333,205
For the three months ended 31 March 2023				
External revenue				
Sale of gold				
- at spot	67,859,498	16,579,606	-	84,439,104
- under forward contracts	58,878,036	14,903,964	-	73,782,000
Sale of silver	525,817	60,761	-	586,578
Total revenue	127,263,351	31,544,331	-	158,807,682
Segment profit/ (loss)	8,961,575	(1,071,194)	(1,226,248)	6,664,158
	Murchison \$	Bryah \$	Other \$	Total \$
For the nine months ended 31 March 2024				
External revenue				
Sale of gold				
- at spot	369,930,074	114,751,547	-	484,681,621
- under forward contracts	20,904,900	3,689,100	-	24,594,000
Sale of silver	1,804,088	71,353	-	1,875,441
Total revenue	392,639,062	118,512,000	-	511,151,062
Segment profit/ (loss)	56,021,257	18,033,911	(2,731,411)	71,323,757
For the nine months ended 31 March 2023				
External revenue				
Sale of gold				
- at spot	170,067,539	47,102,376	-	217,169,915
- under forward contracts	200,916,993	55,127,373	-	256,044,366
Sale of silver	1,525,473	101,698	-	1,627,171
Total revenue	372,510,005	102,331,447	-	474,841,452
Segment profit/ (loss)	(7,242,045)	5,344,190	(4,468,685)	(6,366,540)

14. OPERATING SEGMENTS (CONTINUED)

The following table presents assets and liabilities of the Group's operating segments as at 31 March 2024 and 30 June 2023.

	Murchison \$	Bryah \$	Other \$	Total \$
Segment assets				
As at 31 March 2024	<u>645,283,158</u>	<u>84,913,253</u>	<u>48,932</u>	<u>730,245,343</u>
As at 30 June 2023	<u>531,858,864</u>	<u>78,496,658</u>	<u>98,285</u>	<u>610,453,807</u>
Segment liabilities				
As at 31 March 2024	<u>(192,051,785)</u>	<u>(44,200,390)</u>	<u>-</u>	<u>(236,252,175)</u>
As at 30 June 2023	<u>(136,040,060)</u>	<u>(34,087,935)</u>	<u>-</u>	<u>(170,127,995)</u>

For personal use only

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024 (CONTINUED)

14. OPERATING SEGMENTS (CONTINUED)

Unallocated corporate costs

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

	31 March 2024 \$	31 March 2023 \$
For the three months ended		
(a) Reconciliation of (loss)/profit		
Segment profit	1,333,205	6,664,158
Corporate administration expenses	(6,045,258)	(3,433,643)
Corporate interest income	2,214,917	898,824
Corporate other income	248,757	422,912
Gain on fair value changes of financial assets	-	541,713
Net gains on disposal of property, plant and equipment	1,531,125	395,814
Total consolidated profit/(loss) from continuing operations before income tax	(717,253)	5,489,779

	31 March 2024 \$	31 March 2023 \$
For the nine months ended		
(b) Reconciliation of (loss)/profit		
Segment (loss)/profit	71,323,757	(6,366,540)
Corporate administration expenses	(16,284,928)	(11,637,947)
Corporate interest income	6,274,511	2,321,703
Corporate other income	606,196	796,419
Gain on fair value changes of financial assets	474,520	116,739
Net gains on disposal of property, plant and equipment	1,191,327	4,364,701
Total consolidated (loss)/profit from continuing operations before income tax	63,585,383	(10,404,925)

14. OPERATING SEGMENTS (CONTINUED)

	31 March 2024	30 June 2023
	\$	\$
(c) Reconciliation of assets		
Segment operating assets	730,245,343	610,453,807
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	204,774,760	175,101,708
Trade and other receivables	599,202	548,612
Prepayments	2,461,198	953,767
Other financial assets	1,045,584	3,545,584
Financial assets (equity investments)	-	8,157,712
Property, plant and equipment	1,316,831	11,540,680
Right-of-use assets	2,544,637	2,949,966
Total consolidated assets	942,987,555	813,251,836
(c) Reconciliation of liabilities		
Segment operating liabilities	236,252,175	170,127,995
<i>Unallocated corporate liabilities</i>		
Trade and other payables	11,530,823	8,907,104
Provision for employee benefits	2,578,155	2,354,042
Interest-bearing loans and borrowings	3,001,220	3,413,026
Deferred tax liability	49,928,113	30,110,371
Total consolidated liabilities	303,290,486	214,912,537

For personal use only

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024 (CONTINUED)

15. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments carrying values are a reasonable approximation of their fair value.

Fair value hierarchy

The table below illustrates the classification of the Group's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

All listed shares were disposed of during the nine months period. Refer to Note 7.

	Quoted market price (Level 1) \$	Valuation technique market observable inputs (Level 2) \$	Valuation technique non- market observable inputs (Level 3) \$	Total \$
31 March 2024				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	-	-	-	-
	-	-	-	-
30 June 2023				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	8,157,712	-	-	8,157,712
	8,157,712	-	-	8,157,712

Quoted market price represents the fair value of listed investments determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

16. DIVIDENDS PAID

The Board is pleased with the continued strong position of the Group and its ability to meet its commitments and under the dividend policy has decided to pay an interim unfranked dividend for the half year of 1.0 cent per share. Westgold Resources Limited shares traded excluding entitlement to the dividend on 28 March 2024, with the record date being 2 April 2024. The interim dividend of \$4,736,227 was paid on 12 April 2024.

17. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 March 2024, the Group had the following commitments:

- Capital expenditure commitments of \$52,093,461 principally relating to plant and equipment upgrades and the development of the underground mines (30 June 2023: \$26,168,651);
- Tenement commitments of \$40,234,759 relating to tenements on which mining and exploration operations are located (30 June 2023: \$46,822,290).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Group.

18. SHARE-BASED PAYMENTS

Performance Rights

During the nine months period, 760,541 and 569,118 of performance rights were granted to the company's Managing Director and Key Management Personnel respectively, with the following information and key valuation inputs:

Managing Director	RTSR	ATSR	EPS	Growth
Weighting	25%	25%	25%	25%
Grant date	29-Sep-23	29-Sep-23	29-Sep-23	29-Sep-23
Expected volatility (%)	54.1%	54.1%	N/A	N/A
Risk-free rate (%)	4.03%	4.03%	N/A	N/A
Expected life of performance rights (years)	3	3	N/A	N/A
Share price at grant date (\$)	\$1.695	\$1.695	\$1.695	\$1.695
Fair value at grant date (\$)	\$1.176	\$1.173	\$1.695	\$1.695

Key Management Personnel	RTSR	ATSR	EPS	Growth
Weighting	25%	25%	25%	25%
Grant date	9-Oct-23	9-Oct-23	9-Oct-23	9-Oct-23
Expected volatility (%)	54.1%	54.1%	N/A	N/A
Risk-free rate (%)	4.03%	4.03%	N/A	N/A
Expected life of performance rights (years)	3	3	N/A	N/A
Share price at grant date (\$)	\$1.765	\$1.765	\$1.765	\$1.765
Fair value at grant date (\$)	\$1.176	\$1.173	\$1.695	\$1.695

For the RTSR and ATSR issuances, the fair value of the performance rights is estimated using the Monte Carlo simulation that considers factors such as the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying security at grant date, historical and expected dividends and the expected life of the option, and the probability of fulfilling the required hurdles.

For the EPS and Growth issuances, the fair value of each unit is the company's share price at grant date.

During the three and nine months ended 31 March 2024, the Group has recognised \$1,040,616 and \$2,326,359 of share-based payment expense in the statement of profit or loss, respectively (Same periods in 2023: \$411,777 and \$627,248, respectively).

NOTES TO THE FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED 31 MARCH 2024 (CONTINUED)

19. RELATED PARTY TRANSACTIONS

There were no related party transaction during the nine months period.

20. IMPAIRMENT

The Group performed an assessment for impairment indicators as at 31 March 2024, and determined that there were no impairment indicators for any of its cash-generating units (CGU) – *Murchison CGO*, *Murchison MGO* and *Bryah*. There is no reversal of impairment for the three and nine months period ended 31 March 2024 (31 March 2023: Nil).

21. EVENTS AFTER THE BALANCE DATE

On 8 April 2024, Westgold and Karora (Karora Resources Inc.) announced that they have agreed to combine into a merger, pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canadian Business Corporation Act (“CBCA”).

A wholly owned subsidiary of Westgold (“AcquireCo”) has been set up for the purpose of the acquisition. Expected closing of the transaction will be on or about July 19, 2024. Under the agreement, each party is entitled to be paid a termination fee in the amount of \$45,315,509 (C\$40,000,000) upon the occurrences of certain termination events.

Pursuant to the transaction, Karora shareholders will receive 2.5241 Westgold fully paid ordinary shares, \$0.68 in cash, and 0.30 of a share in a new company to be spun-out from Karora for each Karora common share held at the closing of the transaction (“Offer Consideration”). The Offer Consideration represents approximately \$6.60 per Karora common share based on Westgold's closing share price on the ASX of \$2.28 on 5 April 2024. The Offer Consideration represents a 10.1% premium to Karora's closing share price on the Toronto Stock Exchange (“TSX”) of \$5.995 on 5 April 2024 and a 25.3% premium to Karora's and Westgold's 20-day volume weighed average price on the TSX of \$5.552 and on the ASX of \$2.421 up to and including 5 April 2024.

Upon completion of the transaction, Westgold shareholders will own approximately 50.1% of the combined company (Westgold after completion of the transaction referred to as “Enlarged Westgold”) and former Karora shareholders will own approximately 49.9%.

Enlarged Westgold is anticipated to have financial resources of approximately \$160 million including Westgold's existing corporate revolving facility (subject to requisite consents) and following the repayment of Karora's existing \$44 million revolving facility, combined with an outstanding forecast free cash flow profile. This represents a strong financial platform to continue investing in organic growth opportunities.

The transaction is subject to procedural matters and conditional on receiving approval of 66 ⅔% of Karora's shareholders.

On 30 May 2024, Westgold and Ora Gold Limited (“Ora”) announced that they have entered into a binding agreement in relation to a strategic Alliance with the primary aim of advancing the development of Ora's Crown Prince deposit into production, and a strategic Placement by Ora to Westgold of \$6.0m at \$0.0045 per share, equivalent to a fully diluted 15.0% pro forma shareholding in Ora. The transaction settled on 4 June 2024.

Apart from the above, no matters or circumstances have arisen since the end of the nine months period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

For personal use only



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Westgold Resources Limited (the Company), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company and its subsidiaries (collectively the Group):
 - (i) presents fairly of the Group's financial position as at 31 March 2024 and of its performance for the three and nine months period on that date; and
 - (ii) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Hon. Cheryl L Edwardes AM
Non-Executive Chair

14 June 2024



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's review report to the members of Westgold Resources Limited

Conclusion

We have reviewed the accompanying interim condensed financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2024, the consolidated statement of comprehensive income and consolidated statement of cash flows for the three and nine month periods ended 31 March 2024 and consolidated statement of equity for the nine month period ended 31 March 2024, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying Interim condensed financial report does not present fairly, in all material respects, the Group's financial position as at 31 March 2024 and its financial performance and its cash flows for the three and nine month periods ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim condensed financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim condensed financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim condensed financial report in accordance with AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim condensed financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim condensed financial report

Our responsibility is to express a conclusion on the interim condensed financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed financial report does not present fairly, in all material respects, the Group's financial position as at 31 March 2024 and its financial performance and its cash flows for the the three and nine month periods ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT REVIEW REPORT (CONTINUED)



A review of an interim condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads 'Ernst + Young'.

Ernst & Young
Perth
14 June 2024

For personal use only

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation



WESTGOLD
RESOURCES LIMITED

For personal use only



ANNUAL REPORT 2023

WESTGOLD RESOURCES LIMITED

A PROGRESSIVE AND INNOVATIVE WESTERN AUSTRALIAN GOLD MINER

With over 1,300 staff and contractors and more than 1,300km² of tenure, Westgold is the dominant gold miner in the Murchison and Bryah regions of Western Australia.

www.westgold.com.au

CONTENTS

1	Our Purpose and Ambition
1	Values and Behaviours
2	Letter from the Chair
5	Financial Results
6	Our Annual Outputs
8	Our Operations
22	Directors' Report
32	Remuneration Report (Audited)
49	Auditor's Independence Declaration
50	Consolidated Statement of Comprehensive Income
51	Consolidated Statement of Financial Position
52	Consolidated Statement of Cash Flows
53	Consolidated Statement of Changes in Equity
54	Notes to the Consolidated Financial Statements
102	Directors' Declaration
103	Independent Auditor's Report
109	Shareholder Information
111	Corporate Directory

OUR PURPOSE AND AMBITION

Westgold's purpose as an organisation is to create intergenerational wealth by leveraging our gold assets. In doing so we aspire to:

- › create shareholder value,
- › contribute to our wider communities, and
- › provide opportunities for our team to grow and succeed.

VALUES AND BEHAVIOURS

Our values and behaviours guide how we work with each other, our communities, and external stakeholders. They speak to the core aspirations of the organisation and influence our actions and decisions. Our values provide the framework that holds us accountable and with the buy in of our staff, ultimately drives the culture that will deliver success.



CHOOSE SAFETY

- › Think safety and act safely
- › Look out for each other
- › Protect our environment



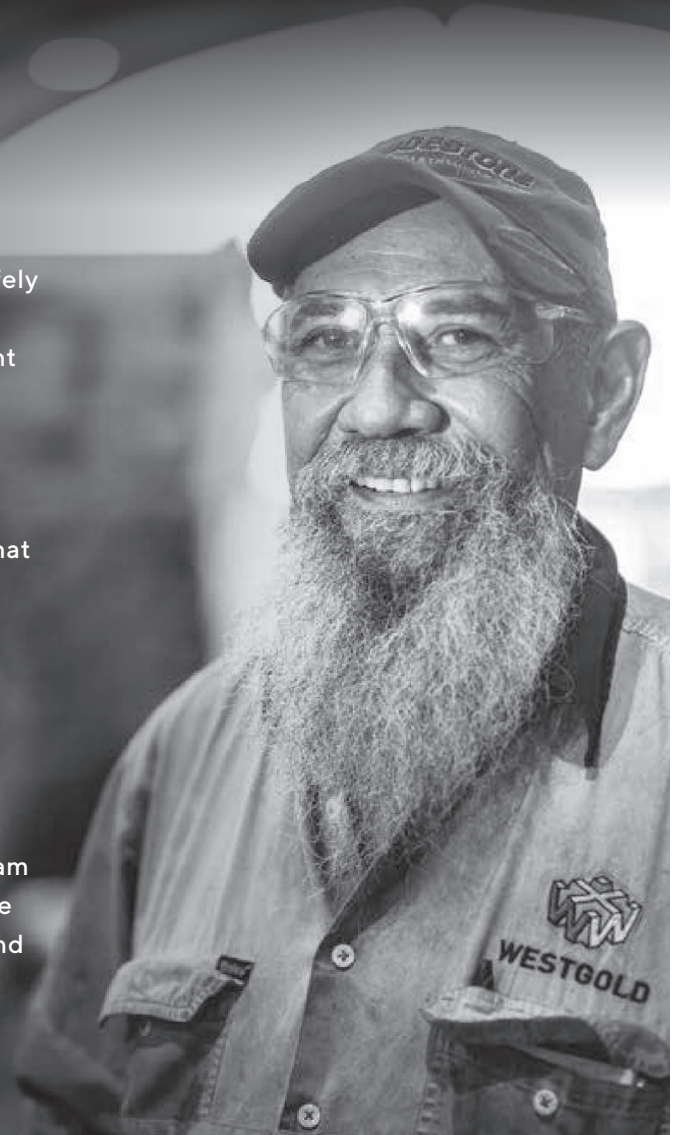
SHOW RESPECT

- › Appreciate everyone for who they are and what they contribute
- › Enable everyone to do a great job
- › Grow strong teams and communities



DELIVER VALUE

- › Plan to succeed as a team
- › Execute with excellence
- › Rise to the challenge and keep on improving



A TURNAROUND YEAR

Dear Shareholders,

It is my pleasure to present the Westgold Resources Limited Annual Report for the financial year ended 30 June 2023 (FY23).



FY23 has been one of significant positive change for Westgold. After working through early challenges and refocusing in the first half of FY23, I'm proud to see the company emerge as a truly successful West Australian gold producer.

In the first quarter of FY23 the Board initiated a strategic review to address the improvement of profitability of the business.

In parallel, a new leadership team initiated the reset of our culture, operational base and approach to cost management. A new strategy was outlined to the shareholders with commitment to an operating regime that would deliver safe and profitable production in FY23. The plan was to restructure and stabilise the business in the first half and if successful, profitability would return in the second half of FY23.

Difficult decisions were made, including placing three marginal underground mines on to care and maintenance. Staff and equipment were redeployed and consolidated into four larger operating underground mines. A deep dive into Westgold's cost base was completed with opportunities identified to improve productivity and reduce our costs.

With new vigour, Westgold's safety performance continued to improve, along with operating efficiencies and productivity. Cost management improved dramatically alongside greater accountability being shifted back to operational management. Significant investments were made in exploration and resource development with a view to extending the planning horizon and mine life of each of our four operating mines and the planned next underground mine at Great Fingall.

After two quarters of cash outflow, the business was financially stabilised. The second half of FY23 saw positive cashflow from our operations and increasing efficiencies being realised. The large, fixed forward hedge book was coming to an end and stronger production from our mines, coupled with a rising A\$ gold price, lifted our revenue.

Our approach to environmental, social and corporate governance (ESG) continues to evolve. ESG is key to our social licence to operate and with a view to reducing our emissions and operating cost, major investment was made in the construction of four new hybrid (gas-solar-battery) power stations across our operations. The first station was commissioned at Tuckabianna in July 2023, with three more stations scheduled for commissioning in the first half of FY24.

Our commitment to becoming a better corporate citizen was evidenced in FY23 by greater community initiatives and involvement. A new Community Relations team was established to work with the communities we impact upon across our regional tenure, and particularly the area of indigenous employment.

FY23 was a turnaround year for Westgold. Our employees have leaned into the new direction, new culture and the values that underpin how we do business. There is still much to achieve but Westgold finishes FY23 in a strong financial position with \$192M in cash, bullion and liquid assets. Importantly, the Group is fully funded to deliver its FY24 corporate objectives.

Our vision for Westgold going forward is clear. To be a safer, progressive, socially responsible, highly profitable and cash generative gold miner with the aim of providing consistent returns to our shareholders.

Thank you for your continued support.

Hon. Cheryl Edwardes AM
Non-Executive Chair

For personal use only

For personal use only



For personal use only



YEAR END 30 JUNE 2023

FINANCIAL RESULTS

Unless specifically noted, all dollar amounts disclosed in this report are Australian Dollars (A\$ or AUD)

GOLD SALES

256,009oz

(FY22: 269,705 oz) ↓

REVENUE

\$654.4M

(FY22: \$647.6M) ↑

NET CASH FROM OPERATIONS

\$168.4M

(FY22: \$179.9M) ↓

NET PROFIT/(LOSS) BEFORE TAX

\$13.9M

(FY22: (\$160.1M)) ↑

NET PROFIT/(LOSS) AFTER TAX

\$10.0M

(FY22: (\$111.1M)) ↑

CLOSING CASH, BULLION & LIQUIDS*

\$192M

(FY22: \$190M) ↑

PROFIT/(LOSS) PER SHARE

2.1c

(FY22: (25.3c)) ↑

NET ASSETS

\$598.3M

(FY22: \$587.8M) ↑

AVERAGE HEDGE GOLD PRICE

A\$2,495/oz

(FY22: A\$2,396/oz) ↑

OUTSTANDING HEDGED OUNCES

10,000oz

(FY22: 148,000oz) ↓

* Bullion is valued at closing spot price.

For personal use only

OUR ANNUAL OUTPUTS



**GOLD
PRODUCED**

MURCHISON OPERATIONS

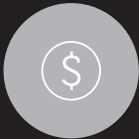
203,382oz

BRYAH OPERATIONS

53,735oz

GROUP

257,116oz



**CASH COST
(C1)**

MURCHISON OPERATIONS

A\$1,686/oz

BRYAH OPERATIONS

A\$1,780/oz

GROUP

A\$1,706/oz



**ALL IN
SUSTAINING
COSTS**

MURCHISON OPERATIONS

A\$1,971/oz

BRYAH OPERATIONS

A\$2,103/oz

GROUP

A\$1,999/oz

For personal use only

For personal use only



OUR OPERATIONS

REVIEW OF OPERATIONS

Westgold Resources Limited (ASX: WGX) (Westgold or the Group) is a Western Australian gold mining business. With over 1,300 staff and contractors, we are the dominant gold miner in the Mid West.

Westgold is the owner-operator of all its underground mines. This internal capability, provides a level of operational flexibility and competitive advantage. This has ensured the business remains able to more consistently deliver against operational targets. A ‘hub and spoke’ style operating model in the Murchison region provides optionality to process ore from Westgold’s mines at either of its two processing hubs near Cue and Meekatharra. In contrast the Bryah operation is centred upon the Fortnum processing hub.

In FY23, Westgold produced 257koz of gold at an All-In Sustaining Cost (AISC) of \$1,999/oz, meeting the top end of its FY23 Production Guidance of 240koz to 260koz and midpoint of its FY23 AISC Guidance of between \$1,900/oz and \$2,100/oz.

MURCHISON OPERATIONS

The Murchison Operations incorporate the Tuckabianna and Bluebird processing hubs. With a combined production of approximately 200koz per annum, the Murchison Operations currently delivers circa 80% of Westgold’s Group gold production.

In FY23, the Murchison Operations produced 203koz of gold at an AISC of \$1,971/oz (see Figure 1).

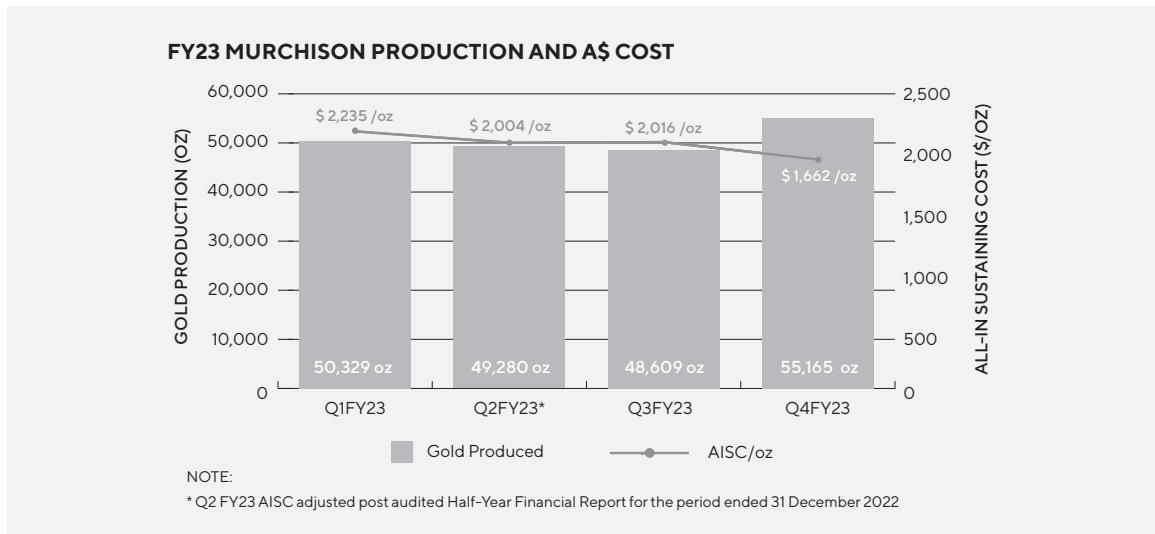


Figure 1 – FY23 Murchison Production and A\$ Costs

WESTGOLD ACHIEVES MATERIAL IMPROVEMENT IN SAFETY PERFORMANCE

Westgold has achieved a significant year on year improvement in safety. In FY23, there were no fatalities or serious disabling injuries at Westgold. Our Total Recordable Injury Frequency Rate (TRIFR) showed considerable improvement with a 63% reduction on the previous year, finishing at 8.37 injuries per million hours worked. Our Lost Time Injury Frequency Rate (LTIFR) reduced from 1.41 to 0.64, which is a 55% reduction for the period ending June 2023 (see Figure 3).

These results were achieved through initiatives including:

- Visible and active leadership at all levels of the business;
- A specific focus on managing critical risks;
- Improved operational discipline across all areas;
- Active investment in people, health & wellbeing; and
- Tailored, relevant and well tested frameworks, systems and processes in place.

For personal use only

CUE

Westgold’s Cue operation is located around the regional town of Cue and encompasses Westgold’s southern-most group of assets including the historic mining centres of Big Bell, Cuddingwarra, Day Dawn and Tuckabianna (see Figure 2). This package includes two of Western Australia’s most iconic past producers in the Big Bell mine (≈2.6Moz) and the Great Fingall mine (≈1.2Moz).

It incorporates the 1.2-1.4Mtpa Tuckabianna processing hub, a 148-person village at Big Bell, a 266-person village at Cue and associated mining infrastructure to support a large FIFO and DIDO mining operation.

In FY23, the Tuckabianna plant received underground ore from the large Big Bell underground and the smaller Comet underground mine in addition to stockpiled ore from the previously mined Cuddingwarra open pits.

The Tuckabianna processing hub treated 1,328,159t of ore, at the upper range of the plant’s operating capacity on hard ore and in line with expectations. The hub produced 90,769oz of gold in FY23, achieving a metallurgical recovery of 87%.

Big Bell remained the primary source of ore to the Tuckabianna mill, with the Comet underground mine providing additional feed early in the year, prior to entering care and maintenance. In addition to fresh underground feed, Westgold has access to significant ore stockpiles which it continued to utilise as supplementary ore feed at its Cue and Meekatharra processing hubs.

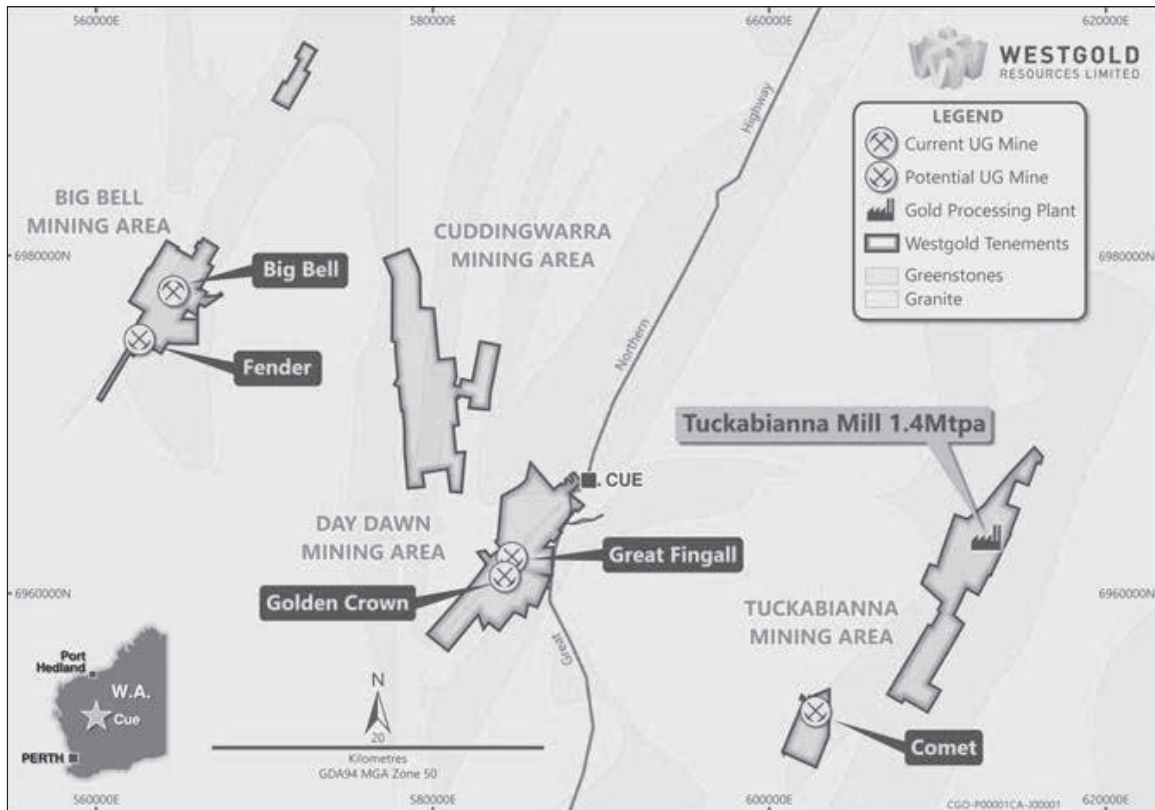


Figure 2 - Cue assets

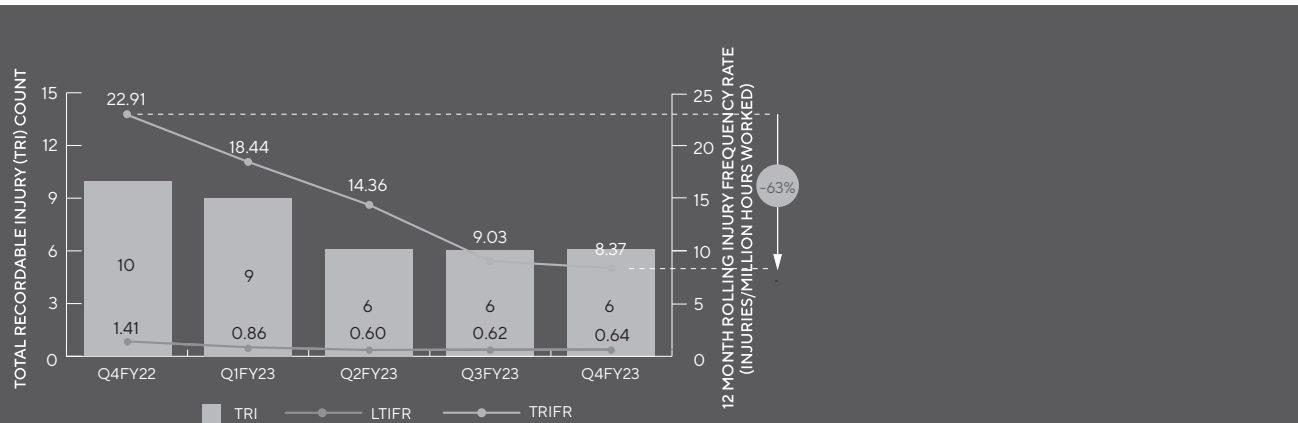


Figure 3 - Westgold has reduced TRIFR by 63% in FY23

OUR OPERATIONS

**REVIEW OF OPERATIONS
(CONTINUED)**

Since commercial production was declared in FY22, the Big Bell mine (see **Figure 4**) has consistently produced above its designed capacity of 800–900ktpa. In FY23, Big Bell continued to expand, producing 1.13Mt of high grade ore at 2.6g/t.

Recent studies focused on expanding Big Bell to the zone beneath the pegmatites using an open stoping with paste fill mining method are well advanced. This zone is expected to extend the overall mine life of Big Bell to over 10 years whilst simultaneously increasing the mined grade.

The Fender underground mine, which was paused in early FY23 will commence late in the first quarter of FY24 providing additional feed to the Meekatharra processing hub. This mine will operate as an extension to the Big Bell mine given its close proximity.

In addition to the mining operations, the Company is accelerating exploration activities across Cue with the primary focus being the Day Dawn mining centre, consisting of Great Fingall and Golden Crown. This work has been based on new geophysical datasets and geological re-interpretations in early FY22, leading to the discovery of the

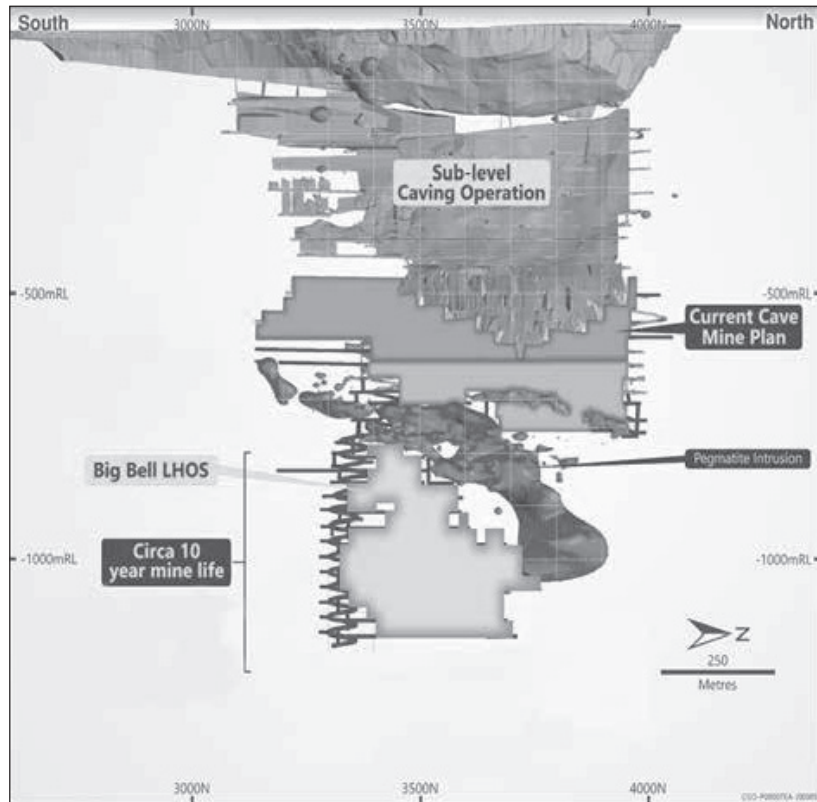


Figure 4 - Big Bell showing proposed development of Big Bell Deep

Sovereign target, located between Great Fingall and Golden Crown. A program was also undertaken testing the Great Fingall reef at depth, which resulted in a significant re-interpretation (see **Figure 5**). As a result of this, the resource grew significantly in FY23 with the mine expected to commence development early in FY24, enabling production in the second half of FY25. The subsequent ramp up of Great Fingall establishes a Group gold production pathway to +300koz per annum.

**TUCKABIANNA
HYBRID POWER
FACILITY IN
OPERATION**

“Westgold continues to innovate to reduce our greenhouse gas emissions and drive our operating costs down.”

Wayne Bramwell,
Westgold Managing Director

In July 2023, Westgold commissioned the first of four Hybrid Power Facilities at its Tuckabianna Process Plant. The new 17.9MW facility, replaces the existing diesel fired power station delivering a reduction of approximately 15kt of CO₂ equivalent emissions and 10ML of annual diesel fuel consumption.

The Tuckabianna Hybrid Power facility incorporates:

- ▶ 6MW solar farm fitted with 11,088 photovoltaic panels (see **Figure 6**)

- ▶ a battery energy storage system with 2.4MW installed capacity; and
- ▶ a 9.5MW gas-fuelled power station.

In addition to the now operational Tuckabianna facility, a further three new hybrid power facilities are being constructed across the Group at Bluebird, Fortnum and Big Bell.

With a combined installed capacity of 82MW, all facilities are expected to be online and powering Westgold’s operations by Q3 FY24.

For personal use only

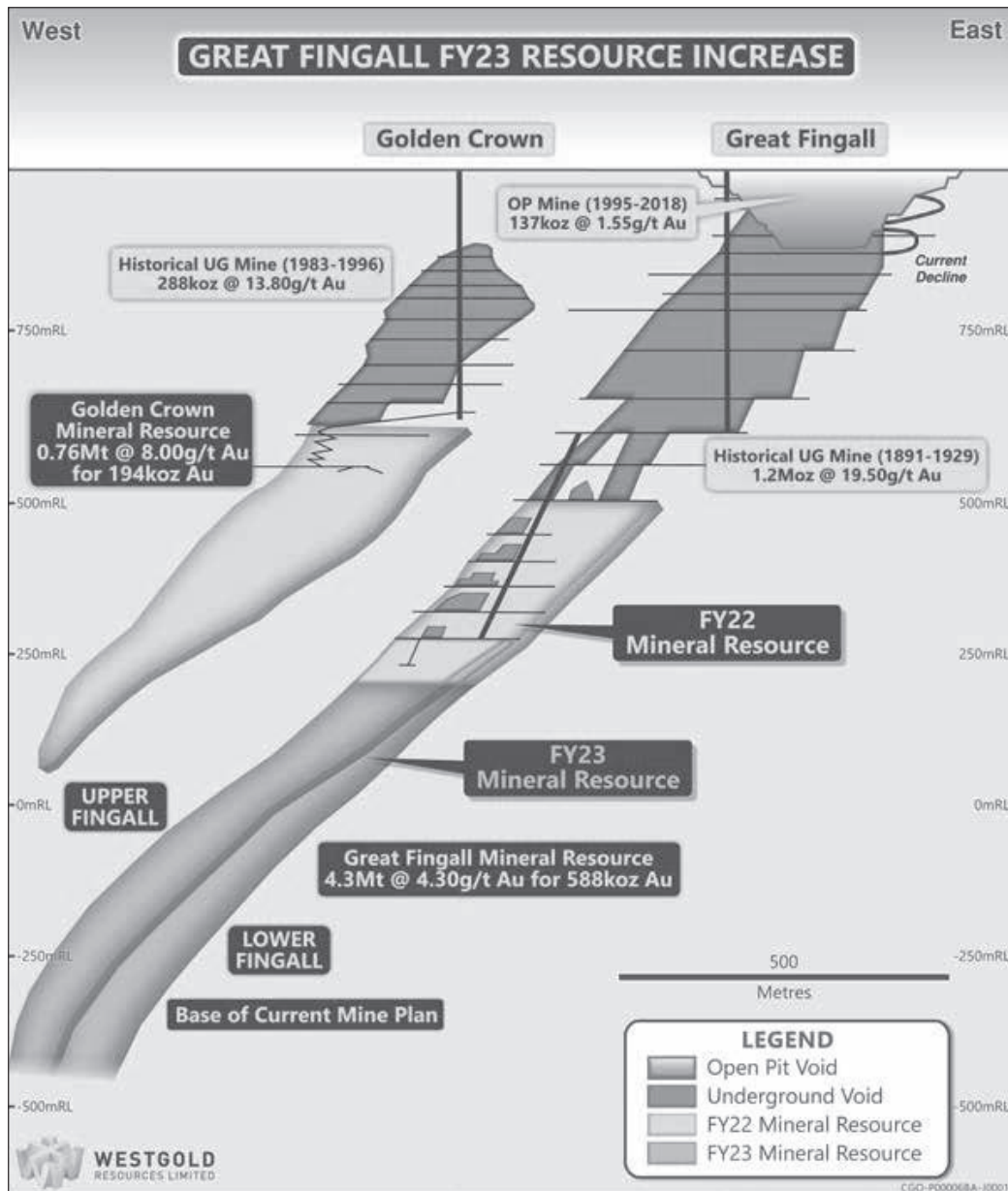


Figure 5 - Great Fingall FY23 Resource Increase

These facilities are expected to reduce Westgold's annual diesel fuel consumption by 38ML and lower annual CO₂ equivalent emissions by approximately 57,000t.

Westgold expects its All-In Sustaining Cost to reduce by approximately \$60/oz¹ due to lower cost energy being provided by these new hybrid power facilities.

¹ At a diesel price assumption of \$1.64/L

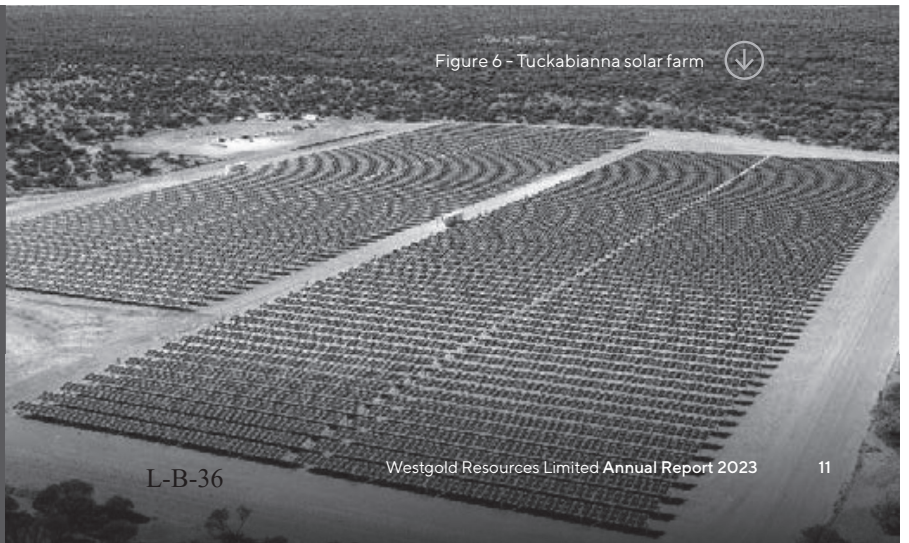


Figure 6 - Tuckabianna solar farm

OUR OPERATIONS

**REVIEW OF OPERATIONS
(CONTINUED)**

MEEKATHARRA

The Meekatharra operation is located around the regional town of Meekatharra and encompasses Westgold’s central group of assets including the historic gold mining centres of Meekatharra North, Paddy’s Flat, Yaloginda, Nannine and Reedy’s (see Figure 7).

Westgold’s Meekatharra assets include the 1.6-1.8Mtpa Bluebird processing hub, a 420-person village, and associated mining infrastructure required to support a large FIFO and DDO mining operation. For FY23, the Bluebird plant received underground ore from the Paddy’s Flat, Triton – South Emu and Bluebird underground mines, along with excess ore from Big Bell and supplementary low-grade stockpiles.

The Bluebird underground mine has been expanding rapidly since recommencement of mining in mid FY22, with further extensions and opportunities being identified. A second decline commenced in mid FY23 to expand the mining footprint with outputs continuing to rise with grades well above the original plan. The South Junction zone to the South of Bluebird (location of the access portal) has shown potential to continue to expand the mine.

The Bluebird processing hub performed strongly for the year treating 1,494,123t, slightly below the plant’s capacity, mainly due to the

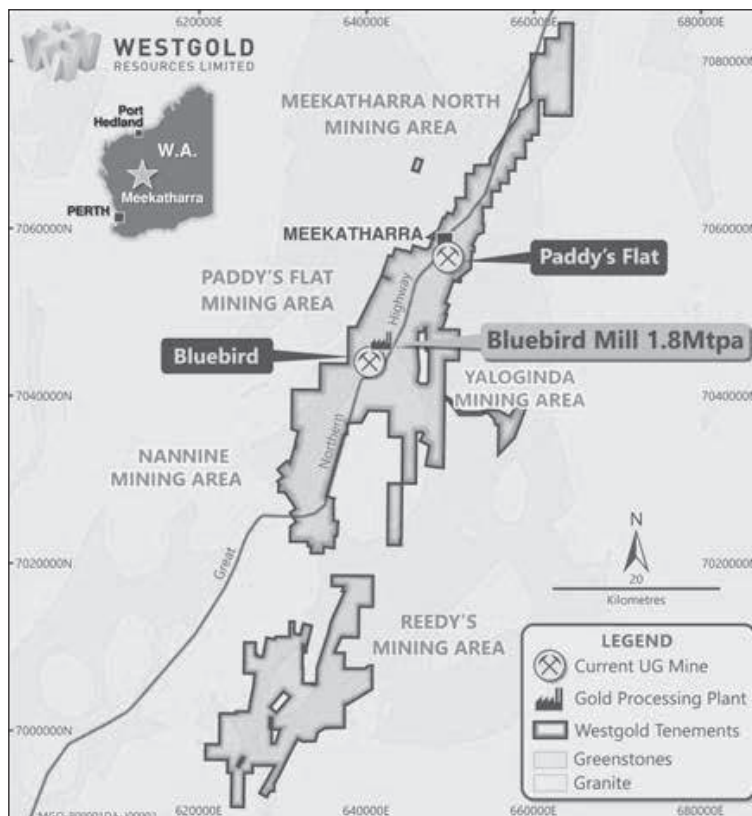


Figure 7 - Meekatharra assets

now high percentage of hard rock feed (minimal oxide). In FY23, the hub produced 112,614oz of gold at a metallurgical recovery of 89%.

Near mine exploration at and around Meekatharra focused on the extension of Paddy’s Flat, Bluebird-South Junction and the broader Reedy’s package.

**WESTGOLD
FIXED FORWARD
SALES COMPLETED
IN JULY 2023**

In FY23, Westgold reduced its 148koz fixed forward hedge book by 138koz, such that only 10koz remained to be delivered into by the end of July 2023 (see Figure 8). The fixed forwards were delivered at an average price of \$2,390/oz, representing a lost opportunity of ~\$70 million² in revenue. The remaining 10koz were delivered in July 2023.

Westgold is now free of its fixed forward hedges and its gold sales are leveraged to the current gold spot price.

During March 2023, when A\$ gold was pushing through \$2,900/oz, the company put in place 30,000oz of zero cost collars comprising put options at \$2,700/oz and call options at \$3,340/oz for deliveries of 2,500oz per month from July 2023 to June 2024, subject to the put and call being struck.

² Assuming a constant spot gold price of \$2,900/oz

For personal use only

At Paddy’s Flat, as production from the bulk Prohibition lodes draw to a close, geological work has focused on extending the known high-grade thrust and spur systems. Due to the discreet nature of the high-grade thrusts and spurs, intense geological definition activities will be a hallmark of continued operations at Paddy’s Flat.

Westgold is increasingly encouraged by drilling results at Bluebird. This remarkably consistent high-grade zone of mineralisation continued to have its footprint expanded over FY23. The ore body’s progressive expansion was complemented by the successful initial testing of the broader South Junction lodes at depth. In FY24, Westgold will continue extending and infilling the footprint of both Bluebird and South Junction, with multiple drill rigs currently active on surface and underground.

During FY23, work progressed on reevaluating the Triton – South Emu system. Westgold is investigating an alternative approach to mine planning and execution at Triton – South Emu which offers a more sustainable and economically compelling project which best utilises the significant infrastructure and mine development in place.

Finally, initial testing of the extensions to the historic Gibraltar mine is also planned for early FY24.



This strategy protects the downside of gold price volatility with the put option only being triggered if the gold price falls to \$2,700/oz. The upside on this small volume of production is also capped and again, only triggered if the gold price hits \$3,340/oz.

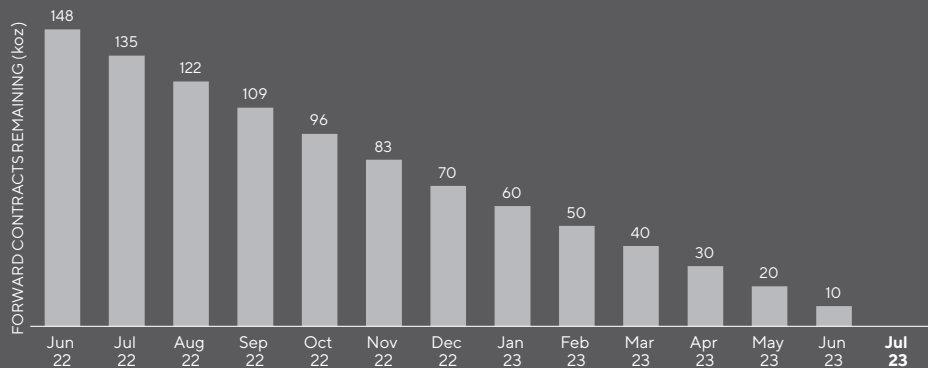


Figure 8 - Westgold reduced its remaining forward contracts to 10koz in FY23

OUR OPERATIONS

**REVIEW OF OPERATIONS
(CONTINUED)**

BRYAH OPERATIONS

The Bryah Operations are centred upon the Fortnum processing hub and incorporate the Fortnum, Horseshoe and Peak Hill mining areas (see Figure 9). With production from Fortnum averaging approximately 50koz per year, the hub remains a key contributor to Westgold’s total production.

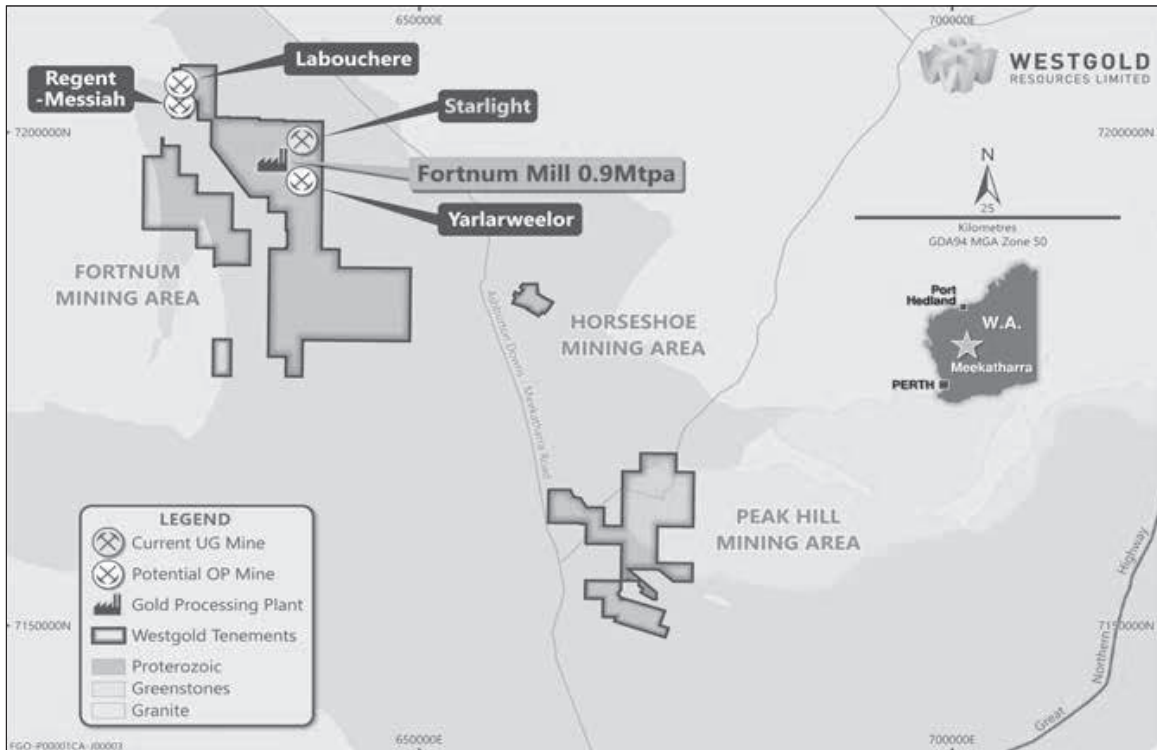


Figure 9 - Bryah assets

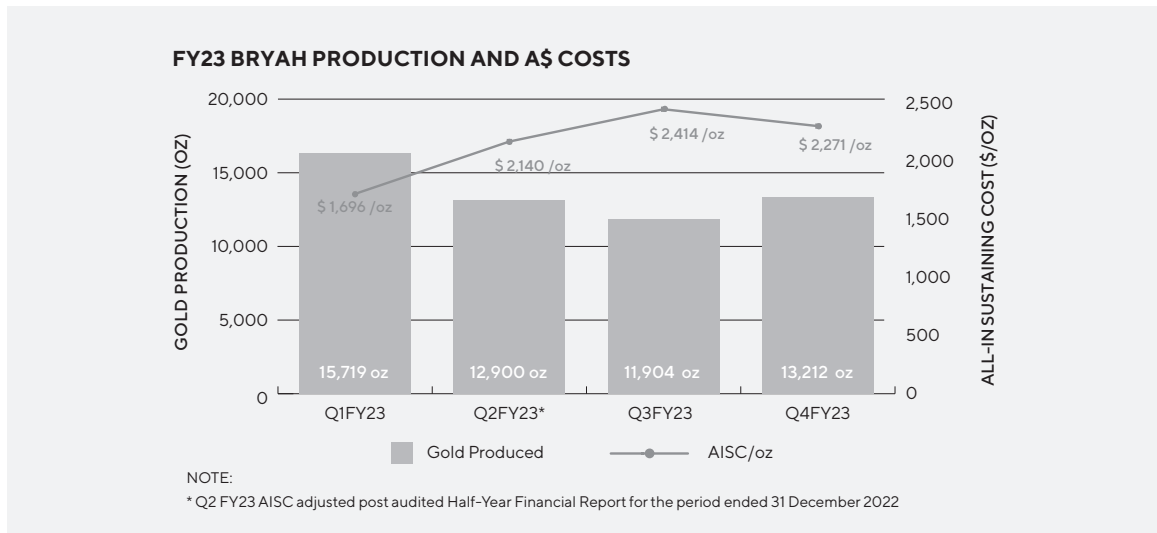


Figure 10 - FY23 Bryah Production and A\$ Costs

For personal use only



In FY23, the Bryah Operations produced 53,735oz of gold at an AISC of \$2,103/oz (see **Figure 10**).

The Fortnum operation is located in the Proterozoic age Bryah Basin stratigraphy approximately 150km northwest of Meekatharra and represents the northernmost group of Westgold assets. These assets encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill which collectively have delivered approximately 2Moz of reported gold production.

The processing hub incorporates the 0.8–0.9Mtpa Fortnum carbon-in-leach (CIL) processing plant, a 200-person village, airstrip and associated mining infrastructure required to support a remote FIFO operation. Mining output is currently dominated by the Starlight underground mine with supplementary, free on surface low-grade stocks providing a blended feedstock to the plant.

Fortnum had a challenging year with weaker results delivered from the Starlight underground mine. This resulted in an operational restructure focused on optimising the mine plan, targeting key mining areas including the Moonlight, Twilight North, Galaxy and Trev's lodes.

The processing plant performed well, treating 802,753t of hard ore blend at a metallurgical recovery of 96%. A new pebble crusher will be installed in FY24 which will help manage the hard ores and incrementally increase throughput.

A major extension drilling program was undertaken at Starlight during FY23. This program focused on testing the primary Starlight lodes over a multi-year window to provide increased levels of certainty for mine planning and infrastructure investment. Pleasingly these works have resulted in an expansion of the Mineral Resource base in the order of 70koz after mining depletion

of 66koz. Drill testing of Starlight remains ongoing, targeting further Mineral Resource increases and translation of these to Ore Reserves as additional data density is achieved.

Drill testing of the Nightfall system was also progressed in FY23. The Nightfall mineralisation sits adjacent to the Starlight lodes with many areas already having undergone capital development. This will allow for expedited production once the system is adequately defined.

At the end of FY23 Westgold turned its attention to the evaluation of its Peak Hill suite of assets which are envisaged to provide a medium-term source feed to the Fortnum Processing Plant. Significant progress has been made on locating and validating historic data, with initial geological modelling of Peak Hill mineralisation planned for early FY24. This modelling will form the basis for drill testing in the Peak Hill region over the course of FY24.

OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES

Westgold released its annual update of Mineral Resource and Ore Reserve Estimates on the ASX on 11 September 2023. Shareholders should refer to that announcement for full detail including JORC 2012 appendices. The tables below summarise them by operational area.

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Measured			
Murchison	9,350	3.11	936
Bryah	1,865	2.36	141
Sub-Total	11,215	2.99	1,078
Indicated			
Murchison	44,827	2.39	3,441
Bryah	13,724	1.88	828
Sub-Total	58,551	2.27	4,270
Inferred			
Murchison	33,472	2.40	2,585
Bryah	4,115	2.40	318
Sub-Total	37,587	2.40	2,903
Total			
Murchison	87,649	2.47	6,963
Bryah	19,704	2.03	1,287
Grand Total	107,353	2.39	8,250

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Proven			
Murchison	5,076	2.67	435
Bryah	1,249	1.54	62
Sub-Total	6,325	2.44	497
Probable			
Murchison	14,384	2.89	1,335
Bryah	1,994	1.90	122
Sub-Total	16,378	2.77	1,457
Total			
Murchison	19,461	2.83	1,770
Bryah	3,243	1.76	184
Grand Total	22,704	2.68	1,954

Glossary:

Murchison incorporates the Meekatharra and Cue business units.

Bryah incorporates the Fortnum business unit.

For personal use only

The Mineral Resources by mining project are tabulated below:

MURCHISON OPERATIONS

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	5,498	3.08	544	9,917	3.23	1,030	8,942	2.73	785	24,357	3.01	2,358
Cuddingwarra	85	1.66	5	1,600	1.63	84	597	1.50	29	2,282	1.59	117
Day Dawn	58	1.73	3	3,776	4.63	562	2,339	4.29	322	6,173	4.47	887
Tuckabianna	267	3.54	30	3,448	2.78	308	2,899	2.63	245	6,614	2.75	584
Tuckabianna Stockpiles	481	1.64	25	3,744	0.70	85	0	0.00	0	4,225	0.81	110
Meekatharra North	0	0.00	0	97	1.98	6	75	2.11	5	172	2.04	11
Nannine	68	2.55	6	859	2.06	57	340	2.26	25	1,267	2.14	87
Paddy's Flat	1,033	4.03	134	10,593	1.70	579	2,415	1.86	144	14,042	1.90	857
Reedy's	458	3.74	55	3,055	2.55	251	8,883	2.44	698	12,396	2.52	1,004
Yaloginda	745	4.30	103	7,737	1.93	481	6,981	1.48	332	15,464	1.84	916
Bluebird Stockpiles	656	1.50	32	0	0.00	0	0	0.00	0	656	1.50	32
Total	9,350	3.11	936	44,827	2.39	3,441	33,472	2.40	2,585	87,649	2.47	6,963

BRYAH OPERATIONS

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	1,019	3.53	116	4,446	2.50	357	2,078	3.05	204	7,543	2.79	677
Horseshoe	0	0.00	0	1,266	2.09	85	183	1.43	8	1,449	2.01	93
Peak Hill	0	0.00	0	7,547	1.55	376	1,838	1.78	105	9,385	1.60	481
Stockpiles	846	0.94	25	464	0.70	10	16	0.54	0	1,326	0.85	36
Total	1,865	2.36	141	13,724	1.88	828	4,115	2.40	318	19,704	2.03	1,287

For personal use only

OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

The Mineral Resources by mining project are tabulated below:

MURCHISON OPERATIONS

MINERAL RESOURCE STATEMENT COMPARISON

Project	2022			2023			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	20,085	2.79	1,802	24,357	3.01	2,358	4,272	0	556
Cuddingwarra	2,820	1.74	158	2,282	1.59	117	-538	0	-41
Day Dawn	6,648	3.54	756	6,173	4.47	887	-475	1	131
Tuckabianna	10,842	2.49	867	6,614	2.75	584	-4,227	0	-283
Tuckabianna Stockpiles	4,358	0.78	110	4,225	0.81	110	-133	0	0
Meekatharra North	172	2.04	11	172	2.04	11	0	0	0
Nannine	1,895	2.18	132	1,267	2.14	87	-627	0	-45
Paddy's Flat	14,013	1.93	871	14,042	1.90	857	28	0	-15
Reedy's	12,426	2.53	1,009	12,396	2.52	1,004	-29	0	-5
Yaloginda	15,672	1.72	865	15,464	1.84	916	-208	0	50
Bluebird Stockpiles	648	1.25	26	656	1.50	32	8	0	6
Total	89,579	2.29	6,608	87,649	2.47	6,963	-1,930	-5.73	355

BRYAH OPERATIONS

MINERAL RESOURCE STATEMENT - COMPARISON

Project	2022			2023			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	8,515	2.64	721	7,543	2.79	677	-972	0	-45
Horseshoe	1,449	2.01	93	1,449	2.01	93	0	0	0
Peak Hill	9,385	1.60	481	9,385	1.60	481	0	0	0
Stockpiles	1,302	0.86	36	1,326	0.85	36	24	0	0
Total	20,651	2.01	1,332	19,704	2.03	1,287	-948	1.47	-45

For personal use only

The Ore Reserves by mining project are tabulated below:

MURCHISON OPERATIONS

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Proven			Probable			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	3,573	2.85	327	6,270	3.31	668	9,843	3.14	995
Cuddingwarra	0	0.00	0	98	1.77	6	98	1.77	6
Day Dawn	0	0.00	0	1,944	5.08	317	1,944	5.08	317
Tuckabianna	0	0.00	0	683	3.00	66	683	3.00	66
Tuckabianna Stockpiles	481	1.64	25	3,744	0.70	85	4,225	0.81	110
Meekatharra North	0	0.00	0	0	0.00	0	0	0.00	0
Nannine	0	0.00	0	262	1.93	16	262	1.93	16
Paddy's Flat	117	3.54	13	420	3.47	47	538	3.48	60
Reedy's	57	3.35	6	398	3.42	44	455	3.41	50
Yaloginda	192	5.10	31	566	4.81	88	757	4.89	119
Bluebird Stockpiles	656	1.50	32	0	0.00	0	656	1.50	32
Total	5,076	2.67	435	14,384	2.89	1,335	19,461	2.83	1,770

BRYAH OPERATIONS

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2023

Project	Proven			Probable			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	403	2.82	37	1,172	2.29	86	1,576	2.42	123
Horseshoe	0	0.00	0	357	2.18	25	357	2.18	25
Peak Hill	0	0.00	0	0	0.00	0	0	0.00	0
Stockpiles	846	0.94	25	464	0.70	10	1,310	0.85	36
Total	1,249	1.54	62	1,994	1.90	122	3,243	1.76	184

For personal use only

OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

The movement in Ore Reserves over the past year are tabulated below:

MURCHISON OPERATIONS

ORE RESERVE STATEMENT COMPARISON

Project	2022			2023			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	8,811	3.01	854	9,843	3.14	995	1,033	0	141
Cuddingwarra	710	1.75	40	98	1.77	6	-613	0	-35
Day Dawn	1,289	6.92	287	1,944	5.08	317	655	-2	30
Tuckabianna	1,075	2.54	88	683	3.00	66	-393	0	-22
Tuckabianna Stockpiles	4,324	0.79	109	4,225	0.81	110	-99	0	1
Meekatharra North	0	0.00	0	0	0.00	0	0	0	0
Nannine	718	1.82	42	262	1.93	16	-456	0	-26
Paddy's Flat	889	4.37	125	538	3.48	60	-352	-1	-65
Reedy's	943	3.34	101	455	3.41	50	-489	0	-51
Yaloginda	1,000	3.70	119	757	4.89	119	-243	1	0
Bluebird Stockpiles	648	1.25	26	656	1.50	32	8	0	6
Total	20,410	2.73	1,791	19,461	2.83	1,770	-949	0.67	-21

BRYAH OPERATIONS

ORE RESERVE STATEMENT COMPARISON

Project	2022			2023			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	2,886	2.19	204	1,576	2.42	123	-1,310	0	-81
Horseshoe	761	1.84	45	357	2.18	25	-403	0	-20
Peak Hill	581	2.21	41	0	0.00	0	-581	-2	-41
Stockpiles	1,285	0.86	36	1,310	0.85	36	24	0	0
Total	5,512	1.84	325	3,243	1.76	184	-2,270	1.95	-142

For personal use only

COMPLIANCE AND FORWARD-LOOKING STATEMENTS

EXPLORATION TARGETS, EXPLORATION RESULTS AND MINERAL RESOURCES

The information in this report that relates to Exploration results and Mineral Resource Estimates is compiled by Westgold technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a full-time employee of the company and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell is eligible to participate in short and long-term incentive plans of the company.

ORE RESERVES

The information in this report that relates to Ore Reserve is based on information compiled by Mr. Leigh Devlin B.Eng. MAusIMM. Mr. Devlin has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2012 Editions of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012)". Mr. Devlin consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr. Devlin is a full-time senior executive of the Company and is eligible to and may participate in short-term and long-term incentive plans of the Company as disclosed in its annual reports and disclosure documents.

FORWARD LOOKING STATEMENTS

These materials prepared by Westgold Resources Limited (or "the Company") include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances.

For personal use only

DIRECTORS' REPORT

for the year ended 30 June 2023

The Directors submit their report together with the financial report of Westgold Resources Limited (Westgold or the Company) and of the Consolidated Entity, being the Company and its controlled entities (the Group), for the year ended 30 June 2023.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Hon. Cheryl L Edwardes AM - Non-Executive Chair (Appointed 28 March 2022)

Ms Edwardes is a highly credentialed and experienced company director and Chair. A solicitor by profession and former Attorney-General for Western Australia, Minister for Environment and Minister for Labour Relations. Ms Edwardes has extensive experience and knowledge of Western Australia's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access.

During the past three years, she has also served as a director of the following public listed companies:

- Kalium Lakes Limited (appointed 25 November 2022; resigned 3 August 2023);
- Flinders Mines Limited (appointed 17 June 2019);
- Nuheara Limited (appointed 2 January 2020); and
- Vimy Resources Limited (appointed 26 May 2014; resigned 4 August 2022).

Wayne C Bramwell - Managing Director (Appointed Non-Executive Director 3 February 2020)

Mr Bramwell (BSc Extractive Metallurgy, Grad Dip Business, MSc (Min Econ)) is a metallurgist and mineral economist, experienced director and mining executive with extensive project and corporate development, executive management and governance expertise in precious and base metal companies spanning nearly three decades. He holds a Bachelor of Science in Extractive Metallurgy, a Graduate Diploma in Business, a Master of Science in Mineral Economics and is a graduate of the Australian Institute of Company Directors.

During the past three years, he has served as a director of the following public listed companies:

- CZR Resources Limited (appointed 3 November 2020; resigned 19 February 2021);
- Azure Minerals Limited (appointed 14 October 2020; resigned 19 February 2021);
- Ardea Resources Limited (appointed 29 January 2018; resigned 3 July 2020);
- Vimy Resources Limited (appointed 18 October 2021; resigned 4 August 2022); and
- Deep Yellow Limited (appointed 4 August 2022; resigned 31 January 2023).

Fiona J Van Maanen - Non-Executive Director (Appointed 6 October 2016)

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) and a Graduate Diploma in Company Secretarial Practice. Mrs Van Maanen has significant experience in corporate governance, financial management and accounting in the mining and resources industry. Mrs Van Maanen serves on Westgold's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, she has served as a director of Pantoro Limited (appointed 4 August 2020).

Gary R Davison - Non-Executive Director (Appointed 1 June 2021)

Mr Davison (FAusIMM (CP)), is a highly regarded mining engineer with over 45 years of worldwide mining experience. Gary holds a Diploma in Engineering (Mining) and a Masters in Mineral and Energy Economics. He is also the Managing Director of Australia's premier mining consultancy Mining One Pty Ltd. Mr Davison serves on Westgold's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, he has served as a director of Nagambie Resources Ltd (appointed 15 May 2019, resigned 8 September 2021).

Julius L Matthys - Non-Executive Director (Appointed 28 March 2022)

Mr Matthys has substantial corporate experience having spent 36 years in the resources sector. He has held senior executive roles in large corporate entities including President of Worsley Alumina JV, Marketing Director at BHP Iron Ore, Alumina and Aluminium. Mr Matthys was previously Chair of gold producer Doray Minerals Limited, managing its merger with Silver Lake Resources. He currently serves as a Non-Executive Director of Quintis.

Mr Matthys has not held any public company directorships in the past three years.

David N Kelly - Non-Executive Director (Appointed 5 November 2023)

Mr Kelly is a geologist with 35 years' experience in exploration, operations management, mine planning, project evaluation, business development and project finance. Most recently he was employed by Resolute Mining Limited as Executive General Manager - Strategy and Planning, following 2 years as Chief Operating Officer.

Prior to joining Resolute, Mr Kelly was a Director of Optimum Capital, an independent advisory house servicing junior and mid-tier miners. He previously worked with groups such as Consolidated Minerals Limited, WMC Resources Limited, Central Norseman Gold Corporation, NM Rothschild and Sons and Investec Australia and has held several non-executive directorships in mining and exploration companies, including Predictive Discovery, Renaissance Minerals and Turaco Gold.

Peter Schwann - Non-Executive Director

(Appointed 2 February 2017, Resigned 26 July 2022)

Mr Schwann (Assoc. in Applied Geology, FAIG, MSEG) is a highly experienced, internationally recognised geologist and mining executive. Mr Schwann has broad experience across multiple commodities with extensive geological capability as well as significant operational management. Mr Schwann served on the Company's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, he has served as a director of the following public listed company:

- Aruma Resources Limited (Appointed 10 February 2010)

COMPANY SECRETARY

Susan Park (Appointed 5 April 2022)

Ms Park is a governance professional with over 25 years' experience in the corporate finance industry and extensive experience in Company Secretary and Non-Executive Director roles in ASX, AIM and TSX listed companies. Ms Park holds a Bachelor of Commerce from the University of Western Australia, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and a Graduate Member of the Governance Institute of Australia. She is currently Company Secretary of several ASX listed companies.

Lisa Smith (Appointed 20 December 2019, resigned 11 October 2022)

Ms Smith holds a Bachelor of Laws and a Bachelor of Commerce and brings over 17 years legal experience across a broad range of practice areas including commercial and corporate, regulation and compliance as well as experience with secretarial duties. Ms Smith has previously acted as principal lawyer for a private resources industry services firm and has substantial policy and advocacy experience.

INTERESTS IN THE SHARES AND PERFORMANCE RIGHTS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and rights of the Company were:

Director	Fully Paid Ordinary Shares	Performance Rights
Hon. CL Edwardes AM	6,122	-
WC Bramwell	50,000	587,668
FJ Van Maanen	435,521	-
GR Davison	-	-
JL Matthys	112,658	-
DN Kelly ¹	-	-
Total	604,301	587,668

1. Appointed on 5 November 2022.

PRINCIPAL ACTIVITIES

The principal activities during the year of the Group were the exploration, development and operation of gold mines, primarily in Western Australia.

EMPLOYEES

The Group had 918 employees at 30 June 2023 (2022: 1,077).

DIRECTORS' REPORT

for the year ended 30 June 2023

CORPORATE OVERVIEW

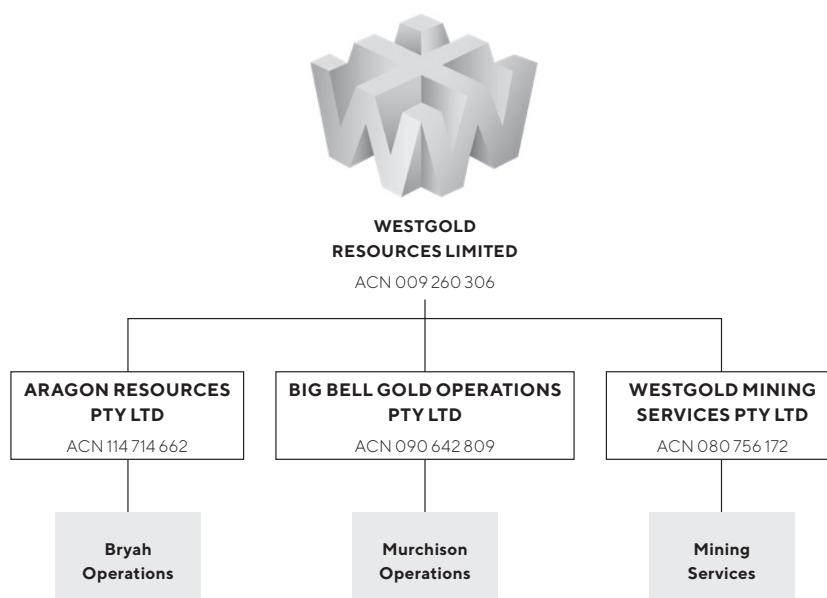
Westgold is a progressive and innovative gold producer with a large and strategic land package in the Murchison and Bryah regions of Western Australia. After listing on the ASX in December 2016 the company has consolidated over 1,300 km² of mining titles across three key business units. These units encompass the Fortnum operations (the Bryah region in the north), the Meekatharra operations (in the centre of our tenure) and the Cue operations (in the south of our Murchison portfolio) and are supported by Westgold's wholly owned mining services unit.

The gold endowment of the region is extensive with the Murchison being one of the largest historic goldfields in Western Australia. To date the Murchison has produced more than 10 million ounces of gold with Westgold reporting a total Mineral Resource of 7.9 million ounces and 2.1 million ounces of gold in Ore Reserves (refer ASX announcement 6 October 2022).

During FY23, Westgold consolidated its operations to four underground mines and three processing plants and produced 257,116 ounces of gold from its Bryah and Murchison operations.

CORPORATE STRUCTURE

Westgold's corporate structure is depicted below.



For personal use only

OPERATING AND FINANCIAL REVIEW

OPERATING RESULTS

The Group's full year gold production was 257,116 ounces (FY22 - 270,884 ounces). Overall, the results reflect a year of transition following a strategic review that saw the business reset its model to focus on safe and profitable gold production. Three underground operations were put on care and maintenance, all business units restructured and Group expenditure and commercial processes reviewed.

These actions over the year are reflected in the following key measures:

- Consolidated revenue increased by 1% to \$654,371,234 (2022: \$647,576,618);
- Consolidated total cost of sales increased by 2% to \$631,598,901 (2022: \$620,300,818);
- Profit before income tax and non-cash impairment decreased by 10% to \$13,949,469 (2022: \$15,448,892); and
- Profit after income tax and non-cash impairment increased by 109% to a gain of \$10,003,484 (2022: loss \$111,119,291).

REVIEW OF FINANCIAL CONDITION

The Consolidated Statement of Cash Flows reflects a closing cash and cash equivalents of \$176,411,855 (2022: \$182,701,502).

Operating Activities

Group cash flow generated by operating activities decreased on that of the previous year with a total inflow of \$168,433,218 (2022: \$179,855,454).

Investing Activities

Cash flows used in investing activities across the Group decreased on that of the previous year with a total outflow of \$158,074,095 (2022: \$201,009,289).

Cash flow applied to investing activities in the current year relate to key growth capital at the Big Bell underground mine (CGO), Starlight underground mine (FGO) and the Bluebird and Paddy's Flat underground mines (MGO), along with investment in the new power stations for the Clean Energy Transition project (CET). Other capital investment was sustaining capital in all of the operating underground mines to maintain developed tonnes and production output at similar levels.

Total capital investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the current year was \$147,347,357 (2022: \$239,019,046), broken into key operations as follows:

- Murchison \$119,132,722 (2022: \$201,562,547);
- Bryah \$28,214,635 (2022: \$37,456,499); and

Capital commitments of \$26,168,651 (2022: \$17,715,233) existed at the reporting date, principally relating to the purchase of plant and equipment.

Exploration activities continued at all operations during the year with \$18,909,901 (2022: \$18,190,290) expended.

Financing Activities

Net cash flows from financing activities amounted to an outflow of \$16,648,770 (2022: inflow of \$53,171,308).

- The Group's interest-bearing loans and borrowings decreased to \$27,490,818 (2022: \$42,959,811) with marginal additions to the mobile mining fleet with the expanded growth activities.

DIRECTORS' REPORT

for the year ended 30 June 2023

SHARE ISSUES DURING THE YEAR

There has been no share issues during the year.

DIVIDENDS

No dividend will be paid to members in respect of the year ended 30 June 2023.

The Board did not declare a dividend for the 2023 reporting year. The decision was made in order for Westgold to maintain its balance sheet strength as it continues its operational transformation on building cash and enhance profitability on a sustainable basis and critically ensure that our immediate growth ambitions are funded from our existing cash resources.

This position will be reviewed by the Board next reporting period.

REVIEW OF OPERATIONS

In FY23, Westgold delivered 257,116 ounces from its Murchison and Bryah operations whilst continuing to define, explore and develop the next suite of mineral assets within the Westgold landholding.

Westgold remains the dominant gold mining company in the Bryah and Murchison region. The Company has ~ 350 mining titles covering 1,300 km² across this highly prospective region and now operates four underground mines and three processing plants.

Westgold is an owner-operator of all its underground mines. This vertical integration benefits Westgold by providing greater cost control and operating flexibility across the Company's assets.

Murchison Operations

The Murchison Operations are located around the regional towns of Meekatharra and Cue in the mid-west region of Western Australia and incorporates the Meekatharra and Cue Gold Operations.

Revenue from the Murchison Operations improved to \$517,503,405 (2022: \$489,358,532) and segment profits increased to \$14,951,974 (2022: \$9,462,740).

Gold output for the year was 203,382 ounces at a C1 Cash Cost of \$1,686 per ounce and an AISC of \$1,971 per ounce as disclosed in the table on page 28.

Meekatharra Gold Operations (MGO)

MGO is located around the regional town of Meekatharra and encompasses Westgold's central group of assets including the historic gold mining centres of Meekatharra North, Paddy's Flat, Yaloginda, Nannine and Reedy's.

The MGO processing hub incorporates the 1.6-1.8 Mtpa Bluebird processing plant, a 420-person village, and associated mining infrastructure required to support mining operations. The Bluebird plant receives underground ore from the Paddy's Flat and Bluebird underground mines, surplus ore from CGO and supplementary lower grade surface stockpiled ore.

In addition to current Mineral Resources and Ore Reserves, MGO has a number of exploration targets which should underwrite sustainable gold production at the operations beyond existing targets, including:

- Extensions to the Bluebird and Paddy's Flat Mines, along with the potential inclusion of South Junction;
- Triton Deeps and Boomerang in the Reedy Mining Area; and
- New targets across the central package where drilling under 100m in depth is sparse, with advanced targets including the GNH and Gibraltar deposits.

Cue Gold Operations (CGO)

CGO is located around the regional town of Cue and encompasses Westgold's southern-most group of Murchison assets. This package includes two of Australia's most prolific past producers in the Big Bell mine (2.6 million ounces) and the Great Fingall mine (1.2 million ounces).

The CGO processing hub incorporates the 1.4 Mtpa Tuckabianna processing plant, a 148-person village at Big Bell, a 266-person village at Cue and associated mining infrastructure to support mining operations.

The Tuckabianna plant receives underground ore from the large Big Bell underground, with supplementary feed provided by lower grade surface stockpiles. Following the completion of ramp up and commencement of steady state production in April 2022, Big Bell has consistently delivered design levels, producing 1.1Mt of ore at 2.6g/t for 95koz contained ounces of gold in FY23.

In addition to current Mineral Resources and Ore Reserves, CGO has a number of development projects and exploration targets which should underwrite growth in gold production at the operations, including:

- Great Fingall and Golden Crown - approved by the Board for development in August 2023;
- Fender Mine - a shallow underground mine beneath Westgold's Fender open pit expected to commence mining in October 2023;
- Caustons - on the Tuckabianna trend, close to the mill and high potential for underground mining;
- Additional shallow targets on the Big Bell line of lode beneath the 700, 1600 and the Shocker pits; and
- Open pit and underground targets within the Cuddingwarra Mining centre.

Bryah Operations

The Bryah Operations are centred upon the Fortnum Gold Operation (FGO). FGO is located within the Proterozoic age Bryah Basin stratigraphy approximately 150 km northwest of Meekatharra and represents the northernmost group of Westgold assets. These assets encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill which collectively has delivered approximately 2 million ounces of reported gold production.

The FGO processing hub incorporates the 0.9 Mtpa Fortnum carbon-in-leach (CIL) processing plant, a 200-person village, airstrip and associated mining infrastructure required to support mining operations. Mining output is currently dominated by the Starlight underground mine with supplementary, free on surface low grade stockpiles providing a blended feedstock to the plant.

Gold output in FY23 was 53,735 ounces at a C1 Cash Cost of \$1,780 per ounce and an all-in sustaining cost (AISC) of \$2,103 per ounce as disclosed in the table on page 28.

The decrease in the gold output, though partially offset by the increase in the gold price, resulted in an overall decrease in revenue to \$136,867,829 (2022: \$158,218,086). Segment profits decreased to \$7,820,360 (2022: \$17,702,894).

In addition to current Mineral Resources and Ore Reserves, FGO has a number of exploration targets which should underwrite sustainable gold production at the operations beyond existing targets, including:

- extensions to the Starlight underground mine;
- open pit mining from the historic Yarlalweelor, Nathans and Labouchere mines;
- the Regent and Messiah deposits; and
- new targets within the proximate Peak Hill tenements.

DIRECTORS' REPORT

for the year ended 30 June 2023

Westgold Operating Performance by Operation

Year Ended 30 June 2023		MURCHISON	BRYAH	GROUP
Physical Summary	Units			
UG Ore Mined	t	2,256,023	687,395	2,943,418
UG Grade Mined	g/t	2.9	2.4	2.8
Ore Processed	t	2,822,282	802,753	3,625,035
Head Grade	g/t	2.5	2.2	2.5
Recovery	%	88	96	90
Gold Produced	oz	203,382	53,735	257,116
Gold Sold	oz	202,026	53,983	256,009
Achieved Gold Price	\$/oz	2,556	2,556	2,556
Cost Summary				
Mining	\$/oz	1,052	1,083	1,058
Processing	\$/oz	467	560	487
Admin	\$/oz	104	120	107
Stockpile Adjustments	\$/oz	64	17	54
C1 Cash Cost (produced)¹	\$/oz	1,686	1,780	1,706
Royalties	\$/oz	96	65	90
Corporate Costs	\$/oz	26	55	32
Sustaining Capital	\$/oz	163	203	172
All-in Sustaining Costs²	\$/oz	1,971	2,103	1,999

For personal use only

Year Ended 30 June 2022		MURCHISON	BRYAH	GROUP
Physical Summary	Units			
UG Ore Mined	t	2,433,591	705,868	3,139,459
UG Grade Mined	g/t	2.7	2.9	2.8
OP Ore Mined	t	669,454	-	669,454
OP Grade Mined	g/t	1.6	-	1.6
Ore Processed	t	2,872,855	825,070	3,697,925
Head Grade	g/t	2.5	2.6	2.5
Recovery	%	89	95	90
Gold Produced	oz	204,937	65,947	270,884
Gold Sold	oz	203,986	65,719	269,705
Achieved Gold Price	\$/oz	2,399	2,408	2,401
Cost Summary				
Mining	\$/oz	1,158	822	1,076
Processing	\$/oz	406	370	397
Admin	\$/oz	88	76	84
Stockpile Adjustments	\$/oz	(165)	26	(119)
C1 Cash Cost (produced)¹	\$/oz	1,487	1,294	1,438
Royalties	\$/oz	95	62	87
Corporate Costs	\$/oz	20	36	24
Sustaining Capital	\$/oz	146	133	143
All-in Sustaining Costs²	\$/oz	1,748	1,525	1,692

1. C1 Cash Cost (C1): represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.
2. All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.

CORPORATE

Gold Forward Contracts

At the end of the financial year, the Group had unrecognised sales contracts for 10,000 ounces at an average price of \$2,459 per ounce ending in July 2023, which the Group will deliver physical gold to settle (refer to Note 5).

During 2023, the Group entered into zero-cashflow collar contracts whereby the Group purchased a total of 30,000 ounces of gold call options and sold a total of 30,000 ounces of gold put options contracts with equal and offsetting values at inception. These contracts are comprised of put options of \$2,700/oz and call options of \$3,340/oz. All of these contracts were outstanding at 30 June 2023 and mature over the period July 2023 to June 2024.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased to \$598,339,298 (2022: \$587,767,457). This included share based payments of \$1,039,025.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no other significant events after the balance date.

DIRECTORS' REPORT

for the year ended 30 June 2023

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is expected to continue exploration, development, operations and production and marketing of gold bullion in Australia and will continue the development of its gold exploration projects.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to the relevant Commonwealth and State environmental protection legislations.

The Group holds various environmental licenses issued under these laws and these licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, the management and storage of hazardous substances and the rehabilitation of areas disturbed during the course of exploration, mining and processing activities.

The Board monitors all environmental performance obligations. Our operations are subjected to regular Government agency audits and site inspections. There have been zero significant environmental incidents, material breaches of the Group's environmental licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

PERFORMANCE RIGHTS

Employee rights

During the year ending 30 June 2023, the Company granted 2,182,314 unlisted Performance Rights (WXAG) to senior management under the Employee Performance Rights Plan. Included in this issue were 385,233 Performance Rights granted to the Managing Director.

The principal terms of the Employee Rights are:

- The Performance Rights have been issued for nil consideration;
- Each Performance Right carries an entitlement to one fully paid ordinary share in the Company for each Performance Right vested;
- Vesting only occurs after the end of the Performance Periods (30 June 2025) and the number of Performance Rights that vest (if any) will depend on:
 - Relative Total Shareholder Return;
 - Absolute Total Shareholder Return;
 - Absolute Earnings Per Share;
 - Ore Reserve Growth;
- Any Performance Rights that do not vest after the end of the Performance Periods will automatically lapse; and
- No amount is payable by a holder of Performance Rights in respect of the shares allocated upon vesting.

Unissued shares

As at the date of this report, unissued ordinary shares under share based payment arrangements are:

Performance Rights (Rights)	Number of shares	Exercise Price	Expiry Date
Rights - Tranche 5 - Directors	202,435	Zero	30 June 2024
Rights - Tranche 5 - Employees	958,623	Zero	30 June 2024
Rights - Tranche 6 - Directors	385,233	Zero	30 June 2025
Rights - Tranche 6 - Employees	2,182,314	Zero	30 June 2025
Total	3,728,605		

Holders of these instruments do not have any right, by virtue of the instrument, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising performance rights

During the financial year no listed rights were converted to acquire fully paid ordinary shares in the Company, refer to Note 25 for further details.

For personal use only

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract of insurance to insure Directors and Officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors held during the year and the number of meetings attended by each Director) was as follows:

	Directors		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Hon. CL Edwardes AM	14	14	-	-	-	-
WC Bramwell	14	14	-	-	-	-
FJ Van Maanen	14	14	4	4	3	3
GR Davison	14	13	4	4	3	3
JL Matthys	14	14	4	4	3	3
DN Kelly ¹	10	9	2	2	1	1
PB Schwann ²	-	-	-	-	1	-

1 Appointed on 5 November 2022.

2 Resigned on 26 July 2022.

Committee Membership

As at the date of this report, the Company had an Audit, Risk and Compliance Committee and a Remuneration and Nomination Committee of the Board of Directors. Members acting on these committees during the year were:

Audit, Risk and Compliance Committee	Remuneration and Nomination Committee
FJ Van Maanen – Chair	JL Matthys – Chair
JL Matthys	FJ Van Maanen
GR Davison	GR Davison
DN Kelly ¹	DN Kelly ¹
PB Schwann ²	PB Schwann ²

1 Appointed to the Committee on 5 November 2022.

2 Resigned on 26 July 2022.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

CONTENTS

1. Remuneration report overview
2. Remuneration and Nomination Committee responsibilities
3. Remuneration governance
4. Non-Executive Director remuneration
5. Executive remuneration
6. Performance and executive remuneration outcomes
7. Executive employment arrangements
8. Additional statutory disclosure

1. REMUNERATION REPORT OVERVIEW

The Directors of Westgold Resources Limited present the Remuneration Report (the Report) for the Group for the year ended 30 June 2023 (FY2023). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

The Report details the remuneration arrangements for Key Management Personnel (KMP) being the:

- Non-Executive Directors (NEDs); and
- Executive directors and senior executives (collectively "the executives").

KMP are those who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP of the Group are set out below:

Name	Position	Appointed	Resigned
(i) Non-Executive Directors			
Hon. CL Edwardes AM	Non-Executive Chair	28/03/2022	-
FJ Van Maanen	Non-Executive Director	06/10/2016	-
GR Davison	Non-Executive Director	01/06/2021	-
JL Matthys	Non-Executive Director	28/03/2022	-
DN Kelly	Non-Executive Director	05/11/2022	-
PB Schwann	Non-Executive Director	02/02/2017	26/07/2022
(ii) Managing Director			
WC Bramwell	Managing Director	24/05/2022	-
(iii) Senior Executives			
SH Heng	Chief Financial Officer	02/08/2021	-
PW Wilding	Chief Operating Officer	11/10/2022	-
L Smith	Company Secretary & General Counsel	20/12/2019	02/11/2022

For personal use only

2. REMUNERATION AND NOMINATION COMMITTEE RESPONSIBILITIES

Remuneration and Nomination Committee duties

The Remuneration and Nomination Committee is a subcommittee of the Board and are chartered to:

- Oversee formulation and review of the Company's organisational development, succession planning for the Group's Executive Directors and senior executives;
- Approve, review and refer to the Board matters relating to the appointment and the removal of executives who report directly to the Managing Director and or Executive Director to ensure that an appropriate Board succession plan is in place;
- Ensure that the performance of the Board and its members is regularly reviewed; and
- Assist the Chair in advising Directors about their performance and possible retirement.

Remuneration report at FY2022 AGM

The FY2022 remuneration report received positive shareholder support at the FY2022 AGM with a vote of 94% in favour.

Director succession planning

The Remuneration and Nomination Committee continually considers the changing needs of the Group with the aim to maintain consistent governance over all activities.

During the financial year, Westgold appointed David Kelly as a Non-Executive Director on 5 November 2022.

The Board structure as at 30 June 2023 is as follows:

Name	Position
Hon. CL Edwardes AM	Non-Executive Chair
WC Bramwell	Managing Director
FJ Van Maanen	Non-Executive Director
GR Davison	Non-Executive Director
JL Matthys	Non-Executive Director
DN Kelly	Non-Executive Director

3. REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee makes recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (Directors and senior executives); and
- The executive remuneration framework and incentive plan policies.

The Remuneration and Nomination Committee assess the appropriateness of the nature and amount of remuneration of Non-Executive Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors and executive team. The composition of the Remuneration and Nomination Committee is set out on this page of this financial report.

Use of remuneration advisors

The Remuneration and Nomination Committee did not engage any remuneration advisors during the current year.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

4. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

The NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination was at the Annual General Meeting of shareholders on 26 November 2021 with an aggregate fee pool of \$750,000 per year. The amount of the aggregate remuneration sought to be approved by shareholders and the manner in which it is paid to NEDs is reviewed annually against comparable companies. The Board also considers benchmarking data when undertaking the review.

Non-executive directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs do not participate in any performance-related incentive programs. Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out-of-pocket expenses incurred as a result of their directorships.

Position	Annual Fees \$
Non-Executive Chair	175,000
Non-Executive Director	95,000

5. EXECUTIVE REMUNERATION

Executive Remuneration Policy

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration;
- short-term incentives (STI); and
- long-term incentives (LTI).

For personal use only

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of FY2023 potential total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Managing Director	61%	20%	19%
Other Executives	77%	19%	4%

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Short Term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	Any STI award is paid in cash after the assessment of annual performance.
How much can executives earn?	In FY2023, the STI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% for the Managing Director and 40% for the other executives.
How is performance measured?	<p>A combination of specific Company Key Performance Indicators (KPIs) is chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Group and its shareholders.</p> <p>These measures have been selected as they can be reliably measured, are key drivers of value for shareholders and encourage behaviours in line with the Company's core values.</p>
What KPIs were chosen?	<p>The following KPIs were chosen for the 2023 financial year:</p> <ul style="list-style-type: none"> - KPI 1: Safety & Environmental Performance Targets (30%) - KPI 2: All-in Sustaining Cost (AISC) relative to budget (30%) - KPI 3: Gold production relative to budget (30%) - KPI 4: Personal KPI (10%)
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an executive leaves?	<p>Where executives cease to be an employee of the Group:</p> <ul style="list-style-type: none"> - due to resignation or termination for cause, before the end of the financial year, no STI is awarded for that year; or - due to redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year; - unless the Board determines otherwise.
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

During the financial year a combination of financial and non-financial measures were used to measure performance for STI rewards, with a score being calculated on the following measures:

Metric	Weighting	Targets	Score
Safety - Medically Treated Injury Frequency Rate (MTIFR)	10	Annual MTIFR decreases by 25% or more	10
		Annual MTIFR stays within $\pm 25\%$	5
		Annual MTIFR increases by 25% or more	0
Safety - Lost Time Injury Frequency Rate (LTIFR)	10	Annual LTIFR decreases by 25% or more	10
		Annual LTIFR stays within $\pm 25\%$	5
		Annual LTIFR increases by 25% or more	0
Environmental	10	Exceptional environmental management performance	10
		No serious breaches of environmental management	5
		Serious breach of environmental management	0
AISC relative to budget	30	Actual costs below budget by 10% or more	30
		Actual costs below budget by between 5% and 10%	24
		Actual costs below budget by less than 5%	18
		Actual costs above budget by less than 5%	12
		Actual costs above budget by between 5% & 10%	6
		Actual costs above budget by more than 10%	0
Gold Production relative to budget	30	Actual production above budget by 10% or more	30
		Actual production above budget by between 5% and 10%	24
		Actual production above budget by less than 5%	18
		Actual production equals to budget	12
		Actual production below budget by less than 5%	6
		Underperforms budget by between 5% & 10%	0
Personal performance	10	Exceptional Effort and Exceptional Achievement	10
		Exceptional Effort and Good Achievement	8
		Good Effort and Good Achievement	6
		Good Effort and Average Achievement	4
		Average Effort and Average Achievement	2
Total	100		

For personal use only

STI outcomes

Performance against those measure is as follows for FY2023:

Name	Position	STI Achieved %	STI Awarded ¹ \$	Maximum potential award \$
WC Bramwell	Managing Director	71	209,680	293,626
SH Heng	Chief Financial Officer	84	142,464	170,170
PW Wilding	Chief Operating Officer	92	172,030	187,408
Total			524,174	651,204

1. Performance is measured based on a combination of the operational segment performance as well as overall Group performance. The FY2023 STI awards were paid in August 2023.

Long Term Incentive (LTI) arrangements

Under the LTI plan, annual grants of performance rights are made to executives to align remuneration with the creation of shareholder value over the long-term.

How is it paid?	Executives are eligible to receive Performance Rights (Performance Rights). In FY2023 Performance Rights were issued, being a conditional right issued to receive a share subject to the terms of the offer.
Are rights eligible for dividends?	Executives are not eligible to receive dividends on unvested rights.
How much can executives earn?	The LTI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 80% (FY2022: 80%) for the Managing Director, 80% (FY2022: 60%) for the senior executives and 60% (FY2022: 60%) for the other executives. The number of Rights granted were determined using the fair value at the date of grant using a Monte Carlo valuation model, taking into account the terms and performance conditions upon which the Rights were granted.
How is performance measured?	Tranche 6 Performance Rights will vest and become exercisable subject to the following conditions: A service condition which requires: <ul style="list-style-type: none">- Continued employment for the three-year period from 1 July 2022 to 30 June 2025. A performance condition which comprises the following: <ul style="list-style-type: none">- Growth in Relative Total Shareholder Return- Growth in Absolute Total Shareholder Return- Growth in Absolute Earnings Per Share- Ore Reserve Growth

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

How is performance measured? Relative Total Shareholder Return (RTSR) Performance Condition

The RTSR Performance Rights (30% of total Rights) are measured against a defined peer group of companies over the testing period, which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the Total Shareholder Return performance of the Company.

The comparator group of companies for FY23 Rights comprises of:

Gold Road Resources Limited	Musgrave Minerals Limited
Dacian Gold Limited	Newcrest Mining Limited
Ramelius Resources Limited	Regis Resources Limited
Red 5 Limited	Resolute Mining Limited
St Barbara Limited	Silver Lake Resources Limited

The vesting schedule for the RTSR measure is as follows:

RTSR Performance	% Contribution to the Number of Rights to Vest
Below 50 th percentile	0%
At 50 th percentile	50%
Above 50 th percentile and below 75 th percentile	Pro-rata from 50% to 100%
75 th percentile and above	100%

Absolute Total Shareholder Return (ATSR) Performance Condition

The ATSR Performance Rights (30% of total Rights) will vest subject to the performance of the Company's Total Shareholder Return over the service period. The ATSR will be measured by comparing the 30 day VWAP at grant date to the 30 day VWAP at vesting date (30 June 2025).

The vesting schedule for the ATSR measure is as follows:

ATSR Performance	% Contribution to the Number of Rights to Vest
Below 15%	0%
Between 15% and up to 25%	Pro-rata from 50% to 75%
Between 25% and up to 50%	Pro-rata from 75% to 100%
Greater than 50%	100%

For personal use only

How is performance measured?	<p>Absolute Earnings Per Share (AEPS) Performance Condition</p> <p>The AEPS Performance Rights (30% of total Rights) will vest subject to the annual growth rate of the Company's EPS over the service period. The AEPS will be measured by comparing the EPS (excluding any non-recurring items) at the grant date to the EPS (excluding any non-recurring items) at vesting date (30 June 2025).</p> <p>The vesting schedule for the AEPS measure is as follows:</p> <table border="1"> <thead> <tr> <th>AEPS Performance</th> <th>% Contribution to the Number of Rights to Vest</th> </tr> </thead> <tbody> <tr> <td>Below 15%</td> <td>0%</td> </tr> <tr> <td>Between 15% and up to 25%</td> <td>Pro-rata from 50% to 75%</td> </tr> <tr> <td>Between 25% and up to 50%</td> <td>Pro-rata from 75% to 100%</td> </tr> <tr> <td>Greater than 50%</td> <td>100%</td> </tr> </tbody> </table> <p>Ore Reserve Growth Performance Conditions</p> <p>The Ore Reserve Growth Performance Rights (10% of total Rights) will be measured based on the Reserve Statement as reported at the end of the FY2023 financial year under JORC guidelines.</p> <table border="1"> <thead> <tr> <th>Ore Reserve Performance</th> <th>% Contribution to the Number of Rights to Vest</th> </tr> </thead> <tbody> <tr> <td>Negative Growth</td> <td>0%</td> </tr> <tr> <td>Depletion Replaced</td> <td>50%</td> </tr> <tr> <td>Between depletion replaced and 10% increase</td> <td>Pro-rata from 50% to 100%</td> </tr> <tr> <td>Depletion replaced and 10% increase or greater</td> <td>100%</td> </tr> </tbody> </table>	AEPS Performance	% Contribution to the Number of Rights to Vest	Below 15%	0%	Between 15% and up to 25%	Pro-rata from 50% to 75%	Between 25% and up to 50%	Pro-rata from 75% to 100%	Greater than 50%	100%	Ore Reserve Performance	% Contribution to the Number of Rights to Vest	Negative Growth	0%	Depletion Replaced	50%	Between depletion replaced and 10% increase	Pro-rata from 50% to 100%	Depletion replaced and 10% increase or greater	100%
AEPS Performance	% Contribution to the Number of Rights to Vest																				
Below 15%	0%																				
Between 15% and up to 25%	Pro-rata from 50% to 75%																				
Between 25% and up to 50%	Pro-rata from 75% to 100%																				
Greater than 50%	100%																				
Ore Reserve Performance	% Contribution to the Number of Rights to Vest																				
Negative Growth	0%																				
Depletion Replaced	50%																				
Between depletion replaced and 10% increase	Pro-rata from 50% to 100%																				
Depletion replaced and 10% increase or greater	100%																				
When is performance measured?	<p>Tranche 6</p> <p>The measurement date is 31 March 2025.</p>																				
What happens if an executive leaves?	<p>Where executives cease to be an employee of the Group:</p> <ul style="list-style-type: none"> - due to resignation or termination for cause, then any unvested Performance Rights will automatically lapse on the date of the cessation of employment; or - due to redundancy, ill health, death or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested Performance Rights based on achievement of the performance measures over the performance period up to the date of cessation of employment; - unless the Board determines otherwise. 																				

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

6. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2023

The actual remuneration earned by executives in the year ended 30 June 2023 is set out in the Table on page 42. This provides shareholders with a view of the remuneration paid to executives for performance in FY2023 year.

Use of board discretion over remuneration outcomes

During the year the Remuneration and Nomination Committee

- Considered the appropriateness of awarding STI in relation to performance outcomes and market conditions;
- Reviewed the personal KPIs for all senior executives in line with the short term incentive arrangements; and
- Determined the appropriate total remuneration packages for new appointments of senior executives to ensure alignment to the market and the Company's stated objectives.

STI performance and outcomes

A combination of financial and non-financial measures was used to measure performance for STI rewards. As a result of the Group's performance against those measures STIs rewarded for the FY2023 as disclosed in the Table on page 36, were paid in August 2023.

LTI performance and outcomes

Performance Rights were granted in FY2022 (Tranche 5) and FY2023 (Tranche 6). All LTI's are subject to performance hurdles.

- Tranche 5 has a three-year vesting period ending in June 2024.
- Tranche 6 has a three-year vesting period ending in June 2025.

The Managing Director WC Bramwell was granted 385,233 Tranche 6 LTI's in October 2022.

Senior Executives were granted a total 586,420 Tranche 6 LTI's in October 2022.

For further details of Performance Rights granted, cancelled, lapsed and vested refer to Table 3 below.

Overview of Company performance

The table below sets out information about Westgold's earnings and movements in shareholder wealth for the past six years up to and including the current financial year.

	30 June 18 ³	30 June 19 ³	30 June 20	30 June 21	30 June 22	30 June 23
Closing share price	\$1.85	\$1.88	\$2.09	\$1.88	\$1.19	\$1.44
Profit/(loss) per share (cents)	(0.34)	3.74	8.65	18.16	(25.32)	2.11
Net tangible assets per share ¹	\$1.12	\$1.14	\$1.24	\$1.43	\$1.24	\$1.26
Dividend paid per shares (cents) ²	-	-	-	2	-	-

1. Net tangible assets per share include right of use assets and lease liabilities.
2. FY21 cash dividend of 2 cents per share declared on 30 August 2021 and paid on 15 October 2021.
3. The comparatives have not been adjusted for changes due to the adoption of AASB 15, AASB 16 and AASB 9.

Securities Trading Policy

The Westgold Securities Trading Policy applies to all employees and directors. The policy prohibits employees from dealing in Westgold securities while in possession price sensitive information regarding the Company that is not generally available.

For personal use only

7. EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives in place at 30 June 2023 is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Base Salary \$	Superannuation	Notice Period	Termination Payment
WC Bramwell (Managing Director)	531,450	10%	3 months	Per NED
SH Heng (Chief Financial Officer)	385,000	10%	3 months	Per NED
PW Wilding (Chief Operating Officer)	424,000	10%	3 months	Per NED

- PW Wilding was appointed as Chief Operating Officer on 11 October 2022.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

7. EXECUTIVE EMPLOYMENT ARRANGEMENTS (CONTINUED)

2023	Short term			Other	Post-employment benefits	Long term benefits	Share-based payment ⁶	Performance related %	
	Salary and fees	Cash bonus	Annual leave benefit						Non-monetary benefits
Non-executive Directors									
Hon. CL Edwardes AM	175,000	-	-	-	-	18,375	-	193,375	
FJ Van Maanen	95,000	-	-	-	-	9,975	-	104,975	
GR Davison	95,000	-	-	-	-	9,975	-	104,975	
JL Matthys	95,000	-	-	-	-	9,975	-	104,975	
DN Kelly ¹	61,908	-	-	-	-	6,500	-	68,408	
	521,908	-	-	-	-	54,800	-	576,708	
Managing Director									
WC Bramwell	559,461	209,680	-	4,666	-	32,150	55,728	1,032,698	
37									
Senior Executives									
SH Heng	391,134	142,464	-	4,468	-	30,868	41,167	710,061	
PW Wilding ²	409,821	172,030	-	3,416	-	29,860	104,936	887,048	
38									
L Smith ³	92,962	8,240	-	2,701	-	171,500	-	126,138	
0									
	1,453,378	532,414	-	15,251	-	171,500	201,831	2,705,145	
	1,975,286	532,414	-	15,251	-	171,500	201,831	3,281,853	

1. DN Kelly was appointed on 5 November 2022.

2. PW Wilding was appointed Chief Operating Officer on 11 October 2022.

3. L Smith resigned on 02 November 2022.

4. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.

5. Additional discretionary termination payments were made on resignation.

6. Share-based payment remuneration represents the balances expensed under the accounting standards. In situations where an employee forfeits their share-based payment instruments due to failure to meet service conditions, previously expensed amounts are reversed in profit or loss. Therefore, negative remuneration in this table represents these reversals, relative to the employees' previously expensed amounts.

2022	Short term			Other			Post-employment		Long term		Share-based		Performance related %
	Salary and fees	Cash bonus	Annual leave benefit	Annual monetary benefits	Other Fees	Termination Payment ⁸	Super-annuation	Annual and long service leave	Performance Rights	Performance Rights	Total		
Non-executive Directors													
Hon. CL Edwardes AM ¹	45,646	-	-	-	-	-	4,565	-	-	-	-	50,210	-
WC Bramwell ²	15,119	-	-	1,649	-	-	1,512	-	-	6,511	-	24,791	-
FJ Van Maanen	102,500	-	-	-	-	-	10,250	-	-	-	-	112,750	-
GR Davison	105,833	-	-	-	-	-	10,583	-	-	-	-	116,417	-
JL Matthys ¹	24,127	-	-	-	-	-	2,413	-	-	-	-	26,540	-
PG Cook ⁴	116,667	-	-	4,937	-	-	11,667	-	-	(198,754)	-	(65,484)	-
PB Schwann	102,292	-	-	-	-	-	10,229	-	-	-	-	112,521	-
	512,184	-	-	6,586	-	-	51,219	-	-	(192,243)	-	377,745	-
Executive Director													
WC Bramwell ²	375,000	77,548	21,302	2,770	-	-	37,899	23,928	62,168	-	-	600,615	-
PG Cook ⁴	48,333	-	-	2,478	-	230,262	4,833	-	-	-	-	285,906	-
Senior Executives													
WC Bramwell ⁵	43,589	11,062	3,205	513	-	-	4,359	1,038	7,981	-	-	71,747	27
SH Heng	275,000	34,897	15,380	4,932	-	-	27,500	6,822	38,294	-	-	402,825	18
PW Wilding ⁶	37,769	7,433	2,692	-	-	-	3,777	872	9,779	-	-	62,322	28
L Smith	278,196	35,063	17,102	7,415	-	-	27,492	7,837	89,711	-	-	462,816	27
DA Fullarton ^{3,7}	407,580	-	-	7,415	-	195,042	25,529	-	(74,371)	-	-	561,195	-
A Buckingham ^{3,7}	387,901	-	-	7,415	-	303,573	25,530	-	(72,162)	-	-	652,257	-
	1,853,368	166,003	59,682	32,938	-	728,877	156,919	40,497	61,400	-	-	3,099,684	-
Totals	2,365,552	166,003	59,682	39,524	-	728,877	208,138	40,497	(130,843)	-	-	3,477,430	-

1. Hon. CL Edwardes AM and JL Matthys were appointed on 28 March 2022.
2. WC Bramwell was appointed to Executive Director on 1 August 2021 and resigned on 23 May 2022 (he previously held the position of a non-executive Director).
3. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.
4. PG Cook resigned as Executive Chairman on 31 July 2021 and as Non-Executive Chairman on 28 March 2022.
5. WC Bramwell was appointed to Managing Director on 24 May 2022.
6. PW Wilding was appointed A/Chief Operating Officer on 24 May 2022.
7. DA Fullarton and A Buckingham resigned on 24 May 2022.
8. Termination payments were made in line with the arrangements summarised in section 7 above, plus any accrued annual leave and long service leave balances at termination date.
9. Share-based payment remuneration represents the balances expensed under the accounting standards. In situations where an employee forfeits their share-based payment instruments due to failure to meet service conditions, previously expensed amounts are reversed in profit or loss. Therefore, negative remuneration in this table represents these reversals, relative to the employees' previously expensed amounts.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

8. ADDITIONAL STATUTORY DISCLOSURES**Table 1: Westgold Performance Rights (Rights) granted, vested or lapsed during the period**

Executive	Tranche ¹	Granted	Grant date	Fair value per right ²	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed/forfeited
WC Bramwell	5	50,609	11/10/2021	\$1.20	\$60,528	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$0.95	\$48,129	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$1.79	\$90,539	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$1.79	\$90,539	30/06/2024	30/06/2024	-	-
	6	115,570	04/10/2022	\$0.572	\$66,106	30/06/2025	01/10/2025	-	-
	6	115,570	04/10/2022	\$0.361	\$41,721	30/06/2025	01/10/2025	-	-
	6	115,570	04/10/2022	\$0.855	\$98,812	30/06/2025	01/10/2025	-	-
	6	38,523	04/10/2022	\$0.855	\$32,937	30/06/2025	01/10/2025	-	-
SH Heng	5	25,281	11/10/2021	\$1.20	\$30,236	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$0.95	\$24,042	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$1.79	\$45,227	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$1.79	\$45,227	30/06/2024	30/06/2024	-	-
	6	83,723	04/10/2022	\$0.572	\$47,889	30/06/2025	01/10/2025	-	-
	6	83,723	04/10/2022	\$0.361	\$30,224	30/06/2025	01/10/2025	-	-
	6	83,723	04/10/2022	\$0.855	\$71,583	30/06/2025	01/10/2025	-	-
	6	27,906	04/10/2022	\$0.855	\$23,861	30/06/2025	01/10/2025	-	-

For personal use only

Executive	Tranche ¹	Granted	Grant date	Fair value per right ²	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed/forfeited
PW Wilding	4	22,646	24/11/2020	\$1.48	\$33,607	30/06/2023	30/06/2023	-	22,646
	4	22,646	24/11/2020	\$1.25	\$28,398	30/06/2023	30/06/2023	-	22,646
	4	22,646	24/11/2020	\$2.17	\$49,074	30/06/2023	30/06/2023	-	22,646
	4	22,646	24/11/2020	\$2.17	\$49,074	30/06/2023	30/06/2023	-	22,646
	5	25,607	11/10/2021	\$1.20	\$30,626	30/06/2024	30/06/2024	-	-
	5	25,607	11/10/2021	\$0.95	\$24,352	30/06/2024	30/06/2024	-	-
	5	25,607	11/10/2021	\$1.79	\$45,811	30/06/2024	30/06/2024	-	-
	5	25,607	11/10/2021	\$1.79	\$45,811	30/06/2024	30/06/2024	-	-
	6	92,204	04/10/2022	\$0.572	\$52,740	30/06/2025	01/10/2025	-	-
	6	92,204	04/10/2022	\$0.361	\$33,285	30/06/2025	01/10/2025	-	-
	6	92,204	04/10/2022	\$0.855	\$78,834	30/06/2025	01/10/2025	-	-
	6	30,733	04/10/2022	\$0.855	\$26,278	30/06/2025	01/10/2025	-	-
	4	18,872	24/11/2020	\$1.48	\$28,006	30/06/2023	30/06/2023	-	18,872
	4	18,872	24/11/2020	\$1.25	\$23,665	30/06/2023	30/06/2023	-	18,872
	4	18,872	24/11/2020	\$2.17	\$40,895	30/06/2023	30/06/2023	-	18,872
	4	18,872	24/11/2020	\$2.17	\$40,895	30/06/2023	30/06/2023	-	18,872
5	23,871	11/10/2021	\$1.20	\$28,550	30/06/2024	30/06/2024	-	23,871	
5	23,871	11/10/2021	\$0.95	\$22,701	30/06/2024	30/06/2024	-	23,871	
5	23,871	11/10/2021	\$1.79	\$42,705	30/06/2024	30/06/2024	-	23,871	
5	23,871	11/10/2021	\$1.79	\$42,705	30/06/2024	30/06/2024	-	23,871	
6	47,950	04/10/2022	\$0.572	\$27,428	30/06/2025	01/10/2025	-	47,950	
6	47,950	04/10/2022	\$0.361	\$17,310	30/06/2025	01/10/2025	-	47,950	
6	47,950	04/10/2022	\$0.855	\$40,997	30/06/2025	01/10/2025	-	47,950	
6	15,984	04/10/2022	\$0.855	\$13,666	30/06/2025	01/10/2025	-	15,984	

L Smith

Notes

- Rights Tranche 4 were granted in FY2021, Rights Tranche 5 were granted in FY2022 and Rights Tranche 6 were granted in FY2023.
- The maximum exposure of the performance rights approximates the fair value per right.

Generally LTI's lapse immediately on resignation.

The value of the share-based payments granted during the period is recognised in compensation over the vesting period of the grant. For details on the valuation of the options, including models and assumptions used, please refer to Note 28.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2023

Table 2: Shareholdings of key management personnel (including nominees)

	Balance held at 1 July 2022	On exercise of rights	Net change other ⁷	Balance held at 30 June 2023
Directors				
Hon. CL Edwardes AM	6,122	-	-	6,122
WC Bramwell	50,000	-	-	50,000
FJ Van Maanen	435,521	-	-	435,521
GR Davison	-	-	-	-
JL Matthys	112,658	-	-	112,658
DN Kelly	-	-	-	-
PB Schwann ¹	-	-	-	-
Executives				
SH Heng	10,000	-	10,000	20,000
PW Wilding	27,477	-	(3,610)	23,867
L Smith ²	22,810	-	-	22,810
Total	664,588	-	6,390	670,978

1. PB Schwann resigned on 26 July 2022.

2. L Smith resigned as Company Secretary & General Counsel on 2 November 2022 (balances provided as at her resignation date).

For personal use only

Table 3: Performance Rights holdings of key management personnel (including nominees)

Performance Rights	Balance at beginning of year 1 July 2022	Granted as remuneration	Exercised	Lapsed	Balance at end of year 30 June 2023	Not vested and not exercisable	Vested and exercisable
Directors							
Hon. CL Edwardes AM	-	-	-	-	-	-	-
WC Bramwell	202,435	385,233	-	-	587,668	587,668	-
FJ Van Maanen	-	-	-	-	-	-	-
GR Davison	-	-	-	-	-	-	-
JL Matthys	-	-	-	-	-	-	-
DN Kelly	-	-	-	-	-	-	-
PB Schwann ¹	-	-	-	-	-	-	-
Executives							
SH Heng	101,123	279,075	-	-	380,198	380,198	-
PW Wilding	193,012	307,345	-	(90,584)	409,773	409,773	-
L Smith ²	170,971	159,834	-	(330,805)	-	-	-
Total	667,541	1,131,487	-	(421,389)	1,377,639	1,377,639	-

Loans to key management personnel and their related parties

There were no loans to key management personnel during the years ended 30 June 2023 and 30 June 2022.

Other transactions to key management personnel and their related parties

There are no other transactions with key management personnel during the years ended 30 June 2023 and 30 June 2022.

End of Audited Remuneration Report.

DIRECTORS' REPORT

for the year ended 30 June 2023

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance key statements, frameworks, policies and charters are all available on the Company's website at:

www.westgold.com.au/site/about-us/corporate-governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

The Company intends to release a Sustainability Report in October 2023 outlining the impacts, footprint and achievements of the Group during 2023.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's Independence Declaration

The Directors received the Auditor's Independence Declaration, as set out on page 49, from Ernst & Young.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to Note 31):

	\$
Tax compliance and other services	76,174

Signed in accordance with a resolution of the Directors.



Hon. Cheryl L Edwards AM
Independent Non-Executive Chair

Perth, 23 August 2023

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Westgold Resources Limited

As lead auditor for the audit of the financial report of Westgold Resources Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westgold Resources Limited and the entities it controlled during the financial year.

The Ernst & Young logo, featuring the letters 'Ernst + Young' in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to read 'T S Hammond'.

T S Hammond
Partner
23 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

	Notes	2023	2022
Continuing operations			
Revenue	5	654,371,234	647,576,618
Cost of sales	7(a)	(631,598,901)	(620,300,818)
Gross profit		22,772,333	27,275,800
Other income	6	10,999,888	4,663,417
Finance costs	7(b)	(2,457,285)	(1,398,660)
Other expenses	7(c)	(17,369,902)	(12,967,460)
Impairment of mine properties and property plant and equipment	17	-	(175,535,410)
Net (loss)/ gain on fair value changes of financial assets	15	4,435	(2,014,040)
Exploration and evaluation expenditure written off	18	-	(110,165)
Profit/(loss) before income tax from continuing operations		13,949,469	(160,086,518)
Income tax benefit/(expense)	8	(3,945,985)	48,967,227
Net Profit/(Loss) for the year		10,003,484	(111,119,291)
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit/(loss) for the year		10,003,484	(111,119,291)
Total comprehensive profit/(loss) attributable to:			
members of the parent entity		10,003,484	(111,119,291)
		10,003,484	(111,119,291)
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit/(loss) per share			
Continuing operations	9	2.11	(25.32)
Diluted profit/(loss) per share			
Continuing operations	9	2.11	(25.32)

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Notes	2023	2022
CURRENT ASSETS			
Cash and cash equivalents	10	176,411,855	182,701,502
Trade and other receivables	11	6,854,911	7,122,734
Inventories	12	82,739,473	96,082,089
Prepayments	13	6,449,836	5,427,078
Other financial assets	14	4,149,443	1,930,033
Total current assets		276,605,518	293,263,436
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	15	8,157,712	6,799,309
Property, plant and equipment	16	140,903,171	147,916,103
Mine properties and development	17	258,787,650	263,803,557
Exploration and evaluation expenditure	18	123,487,370	104,577,467
Right-of-use assets	19	5,310,415	10,814,702
Total non-current assets		536,646,318	533,911,138
TOTAL ASSETS		813,251,836	827,174,574
CURRENT LIABILITIES			
Trade and other payables	20	79,227,398	88,017,524
Provisions	21	11,809,258	13,066,226
Interest-bearing loans and borrowings	23	15,942,787	22,842,019
Total current liabilities		106,979,443	123,925,769
NON-CURRENT LIABILITIES			
Provisions	22	66,274,692	69,669,839
Interest-bearing loans and borrowings	24	11,548,031	20,117,792
Deferred tax liabilities	8	30,110,372	25,693,717
Total non-current liabilities		107,933,095	115,481,348
TOTAL LIABILITIES		214,912,538	239,407,117
NET ASSETS		598,339,298	587,767,457
EQUITY			
Issued capital	25	462,997,480	463,468,148
Accumulated losses	26	(63,075,769)	(73,079,253)
Share-based payments reserve	27	16,923,956	15,884,931
Other reserves	27	181,493,631	181,493,631
TOTAL EQUITY		598,339,298	587,767,457

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Notes	2023	2022
OPERATING ACTIVITIES			
Receipts from customers		654,368,748	647,576,036
Interest received		3,457,455	220,263
Receipts from other income		3,295,285	3,080,832
Payments to suppliers and employees		(491,001,745)	(469,372,796)
Interest paid		(1,686,525)	(1,648,881)
Net cash flows from operating activities	10	168,433,218	179,855,454
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(45,273,252)	(37,738,519)
Payments for mine properties and development		(95,357,436)	(150,540,448)
Payments for exploration and evaluation		(18,909,901)	(18,190,290)
Payment for financial assets		(1,955,248)	(2,390,258)
Proceeds from sale of financial assets	15	476,062	-
Payments for performance bond facility		(2,219,410)	(780,584)
Proceeds from sale of property, plant and equipment		5,165,090	8,630,810
Net cash flows used in investing activities		(158,074,095)	(201,009,289)
FINANCING ACTIVITIES			
Payment of equipment loans	4(f)	(10,155,112)	(28,133,801)
Payment for lease liabilities		(6,493,658)	(9,037,306)
Proceeds from share issue	26(b)	-	100,800,000
Payments for share issue costs		-	(4,132,800)
Payments for dividends		-	(6,324,785)
Net cash flows from (used in) financing activities		(16,648,770)	53,171,308
Net (decrease)/increase in cash and cash equivalents		(6,289,647)	32,017,473
Cash and cash equivalents at the beginning of the financial year		182,701,502	150,684,029
Cash and cash equivalents at the end of the year	10	176,411,855	182,701,502

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	Issued capital (Note 25)	Retained Earnings (accumulated losses) (Note 26)	Share-based payments reserve (Note 27)	Equity reserve (Note 27)	Total Equity
2023					
At 1 July 2022	463,468,148	(73,079,253)	15,884,931	181,493,631	587,767,457
Profit for the year	-	10,003,484	-	-	10,003,484
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year net of tax	-	10,003,484	-	-	10,003,484
Transactions with owners in their capacity as owners					
Share-based payments	-	-	1,039,025	-	1,039,025
Issue of share capital	-	-	-	-	-
Share issue costs, net of tax	(470,668)	-	-	-	(470,668)
Dividends paid	-	-	-	-	-
At 30 June 2023	462,997,480	(63,075,769)	16,923,956	181,493,631	598,339,298
2022					
At 1 July 2021	364,077,523	46,522,657	15,266,496	181,493,631	607,360,307
Loss for the year	-	(111,119,291)	-	-	(111,119,291)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year net of tax	-	(111,119,291)	-	-	(111,119,291)
Transactions with owners in their capacity as owners					
Share-based payments	-	-	618,435	-	618,435
Issue of share capital	102,957,835	-	-	-	102,957,835
Share issue costs, net of tax	(3,567,210)	-	-	-	(3,567,210)
Dividends paid	-	(8,482,619)	-	-	(8,482,619)
At 30 June 2022	463,468,148	(73,079,253)	15,884,931	181,493,631	587,767,457

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 23 August 2023.

Westgold Resources Limited (the Company or the Parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors Report.

The address of the registered office is Level 6, 200 St Georges Terrace, Perth WA 6000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for certain financial assets, which have been measured at fair value through profit or loss.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2022. Other than the changes described in Note 37, the accounting policies adopted are consistent with those of the previous financial year.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries (the Group) as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intercompany transactions between members of the Group are eliminated in full on consolidation.

(d) Foreign currency translation

Functional and presentation currency

The Group's consolidated financial statements are presented in Australian (A\$), which is also the parent entity's functional currency. The Group does not have any foreign operations.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided by management to the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Financial Instruments

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain commodity contracts are accounted for as executory contracts and not recognised as financial instruments as these contracts were entered into and continue to be held for the purpose of the delivery of gold bullion in accordance with the Group's expected sale requirements (see Note 5).

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, or fair value through profit or loss or fair value through OCI.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in these categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group's financial assets at amortised cost include cash, short-term deposits, and trade and other receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of other income in the Consolidated Statement of Comprehensive Income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified, and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date (see Note 3). For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL.

The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

For personal use only

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans, borrowings, and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses.

Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted, and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine and useful life. Useful life ranges from 2 to 25 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Refer to Note 2(o) for further discussion on impairment testing performed by the Group.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment (continued)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(l) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the profit or loss in the period when the new information becomes available.

(m) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. This includes the costs associated with waste removal (stripping costs) in the creation of improved access and mining flexibility in relation to the ore to be mined in the future. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to Note 2(o) for further discussion on impairment testing performed by the Group.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production (UOP) method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable
- The component of the ore body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Mine properties and development (continued)

These include, but are not limited to the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

(n) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but is not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised as the date of de-recognition.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Consolidated Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Consolidated Statement of Financial Position.

(o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal (FVLCD) and its value in use (VIU).

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Lease liabilities

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. All leases with the exception of short term (under 12 months) and low value leases, are recognised on the balance sheet as a right-of-use asset and a

corresponding interest-bearing liability. Lease costs are recognised in the income statement over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwinding of the discount on the lease liability. The Group recognises leases using the incremental borrowing rate.

(r) Interest revenue

Revenue is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(s) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Gold bullion sales

For bullion sales, most of this is sold under a long-term sales contract with the refiner and forward sale agreements with Citibank N.A. The only performance obligation under the contract is the sale of gold bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs after the unrefined doré is out turned and the Group either instructs the refiner to purchase the out turned fine metal or advises the refiner to transfer the gold to the bank by crediting the metal account of the bank. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group applies the practical expedient to not adjust the promised consideration for the effects of a significant financing component where the period between the transfer of the refined gold to a customer and the receipt of the advance is one year or less. For long-term advances from customers the transaction price is discounted, using the rate that would be reflected in a separate transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares; adjusted for any bonus element.

(u) Issued capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(v) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has one plan in place that provides these benefits. It is the Long-Term Incentive Plan (LTIP) which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Westgold Resources Limited (market conditions) if applicable.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using either a Black & Scholes or a Monte Carlo model as appropriate. Further details of which are given in Note 28.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of dilutive earnings per share.

(w) Employee benefits

Wages, salaries, sick leave and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits (continued)

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(x) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(y) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in

the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided for using the full liability balance sheet approach.

The tax rates and tax laws used to compute the amount of deferred tax assets and liabilities are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable profits.

Deferred tax liabilities are recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, including carry-forward tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except when:

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and it is not probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets and deferred tax liabilities are reassessed at each reporting date and are recognised to the extent that they satisfy the requirements for recognition.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Income tax (continued)

Income taxes relating to transactions recognised outside profit and loss (for example, directly in other comprehensive income or directly in equity) are also recognised outside profit and loss.

Tax consolidation

Westgold Resources Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group (the Tax Group) with effect from 1 December 2016. Members of the Tax Group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between members of the Tax Group should the parent, Westgold Resources Limited, default on its tax payments obligations.

The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Westgold Resources Limited. The nature of the tax funding agreement is such that no tax consolidation adjustments are required.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant judgements

– Revenue from contracts with customers

Judgement is required to determine the point at which the customer obtains control of gold. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the gold typically result in control transferring upon allocation of the gold to the customers' account.

Significant accounting estimates and assumptions

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Group estimates its mineral resource and reserves in accordance with the *Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012* (the JORC code). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the reserves being restated.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in Note 2(j). In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, timing, cost increases as compared to the inflation rate of 2.5% (2022: 2.5%), and changes in discount rates. The applicable discount rates are based on the expected life of mine for each operation, ranging between 7 to 10 years.

The expected timing of expenditure can also change, for example in response to changes in reserves or production rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting estimates and assumptions (continued)

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on various factors, including whether the Group decides to exploit the related area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Life of mine method of amortisation and depreciation

Estimated economically recoverable reserves and resources are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. Changes in estimates are accounted for prospectively.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves for differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues.

Impairment of capitalised mine development expenditure, property, plant and equipment

The future recoverability of capitalised mine development expenditure, property, plant and equipment is dependent on a number of factors, including the level of proved and probable reserves, and the likelihood of progressive upgrade of mineral resources in to reserves over time. In addition, consideration is given to future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations), and changes in commodity prices. Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

When applicable, FVLCD is estimated based on discounted cash flows using market based commodity prices and foreign exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the relevant CGU's life of mine (LOM) plans.

Consideration is also given to analysts' valuations. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

In determining the VIU, future cash flows for each CGU (i.e. each mine site) are prepared utilising management's latest estimates of:

- the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- royalties and taxation;
- future production levels;
- future commodity prices;
- future cash costs of production and development expenditure; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a pre-tax discount rate.

The Group's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular, CGO, MGO and FGO are most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions. Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which the Group makes this determination. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

For personal use only

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting estimates and assumptions (continued)

Refer to Note 2(o) for further discussion on the impairment assessment process undertaken by the Group.

Provision for expected credit losses (ECLs) on trade receivables and other short-term receivables carried at amortised cost

The Group uses a provision matrix to calculate ECLs for trade and other short-term receivables carried at amortised cost. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a key estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payment transactions

The fair value is determined by using an appropriate valuation, using the assumptions as discussed in Note 28. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in its leases, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Significant judgement in relation to future cash flow

The Group has several lease contracts relating to premises and power stations that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. For renewal options that were reasonably certain to be exercised, these have been included in the calculation of right-of-use assets and lease liabilities.

Significant judgement in relation to recovery of deferred tax assets

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in the future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the application of existing tax laws in each jurisdiction and to identify uncertainties over income tax treatments.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Future changes in tax laws in the jurisdictions in which the Group operates could also limit the ability of the Group to obtain tax deductions in future periods.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, trade and other payables, finance lease and equipment loans, cash and cash equivalents, deposits, equity investments and derivatives.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, equity price risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk exposures and responses (continued)

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(a) Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities and cash balances. The level of debt is disclosed in Notes 23 and 24. The Group's policy is to manage its interest cost using fixed rate debt. Therefore, the Group does not have any variable interest rate risk on its debt. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. There is no significant exposure to changes in market interest rates at the reporting date.

At the reporting date the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
2023				
Financial assets				
Cash and cash equivalents	176,411,855	-	-	176,411,855
Trade and other receivables	-	-	6,854,911	6,854,911
Financial assets at fair value through profit and loss	-	-	8,157,712	8,157,712
Other financial assets	-	4,149,443	-	4,149,443
	176,411,855	4,149,443	15,012,623	195,573,921
Financial liabilities				
Trade and other payables	-	-	(79,227,398)	(79,227,398)
Lease liabilities	-	(5,595,472)	-	(5,595,472)
Interest-bearing liabilities	-	(21,895,346)	-	(21,895,346)
	-	(27,490,818)	(79,227,398)	(106,718,216)
Net financial assets				88,855,705
2022				
Financial assets				
Cash and cash equivalents	142,701,502	40,000,000	-	182,701,502
Trade and other receivables	-	-	7,122,734	7,122,734
Financial assets at fair value through profit and loss	-	-	6,799,309	6,799,309
Other financial assets	-	1,930,033	-	1,930,033
	142,701,502	41,930,033	13,922,043	198,553,578
Financial liabilities				
Trade and other payables	-	-	(88,017,524)	(88,017,524)
Lease liabilities	-	(10,909,353)	-	(10,909,353)
Interest-bearing liabilities	-	(32,050,458)	-	(32,050,458)
	-	(42,959,811)	(88,017,524)	(130,977,335)
Net financial assets				67,576,243

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk exposure

	Post tax profit higher (lower)		Other Comprehensive Income higher (lower)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Judgements of reasonably possible movements:				
+ 0.25% (25 basis points)	308,721	319,728	-	-
- 1.0% (100 basis points)	(1,234,883)	(1,278,911)	-	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables, financial assets representing listed shares and other financial assets held as security and loans. Cash and cash equivalents are held with National Australia Bank, which is an Australian Bank with an AA- credit rating (Standard & Poor's).

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

(c) Price risk

Commodity Price Risk

The Group is exposed to commodity price risk on gold sales due to its holdings of gold zero cost collars. Refer to Note 5 for details.

Equity Security Price Risk

The Group's operations were exposed to equity security price fluctuations arising from investments in equity securities. Refer to Note 15 for details of equity investments at fair value through profit or loss held at 30 June 2023.

The Group has equity investments, which have shown volatility in price movements over the year. If security prices varied by 20%, with all other variables held constant, the impact on post tax profits and equity at 30 June, is reflected below:

	Post tax profit higher (lower)		Other Comprehensive Income higher (lower)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Judgements of reasonably possible movements:				
Price + 20%	1,142,080	951,903	-	-
Price - 20%	(1,142,080)	(951,903)	-	-

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equipment loans.

The table below reflects all contractually fixed payables for settlement, repayment and interest resulting from recognised financial liabilities as of 30 June 2023. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as 30 June.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk exposure (continued)

The remaining contractual maturities of the Group's financial liabilities are:

	2023	2022
6 months or less	(90,155,224)	(100,990,852)
6 - 12 months	(9,211,017)	(11,321,798)
1 - 5 years	(19,869,554)	(21,558,211)
Over 5 years		-
	(119,235,795)	(133,870,861)

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities, as well as to enable effective controlling of future risks, management monitors its Group's expected settlement of financial assets and liabilities on an ongoing basis.

	<6 months	6-12 months	1-5 years	>5 years	Total
2023					
Financial assets					
Cash and equivalents	180,928,394	-	-	-	180,928,394
Trade and other receivables	6,854,911	-	-	-	6,854,911
Other financial assets	4,149,443	-	-	-	4,149,443
	191,932,748	-	-	-	191,932,748
Financial liabilities					
Trade and other payables	(79,227,398)	-	-	-	(79,227,398)
Lease liabilities	(1,640,546)	(776,749)	(4,190,794)	-	(6,608,089)
Interest-bearing loans	(8,720,808)	(5,804,591)	(8,421,478)	-	(22,946,877)
	(89,588,752)	(6,581,340)	(12,612,272)	-	(108,782,364)
Net inflow/(outflow)	102,343,996	(6,581,340)	(12,612,272)	-	83,150,384
2022					
Financial assets					
Cash and equivalents	183,178,708	-	-	-	183,178,708
Trade and other receivables	7,122,734	-	-	-	7,122,734
Other financial assets	1,930,033	-	-	-	1,930,033
	192,231,475	-	-	-	192,231,475
Financial liabilities					
Trade and other payables	(88,017,524)	-	-	-	(88,017,524)
Lease liabilities	(3,685,953)	(2,887,530)	(5,879,451)	-	(12,452,934)
Interest-bearing loans	(9,287,375)	(8,434,268)	(15,678,760)	-	(33,400,403)
	(100,990,852)	(11,321,798)	(21,558,211)	-	(133,870,861)
Net inflow/(outflow)	91,240,623	(11,321,798)	(21,558,211)	-	58,360,614

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk exposure (continued)

(e) Fair values

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non-market observable inputs (Level 3)	Total
2023				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	8,157,712	-	-	8,157,712
	8,157,712	-	-	8,157,712
2022				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	6,799,309	-	-	6,799,309
	6,799,309	-	-	6,799,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk exposure (continued)

(f) Changes in liabilities arising from financing activities

	Opening	Cash flows	New leases	Reclassi- fication adjustment	Closing
Lease liability					
2023					
Current obligations	6,004,390	(6,493,657)	489,267	2,111,143	2,111,143
Non-current obligations	4,904,963	-	690,509	(2,111,143)	3,484,329
Total liabilities	10,909,353	(6,493,657)	1,179,776	-	5,595,472
2022					
Current obligations	5,469,969	(9,037,306)	3,567,337	6,004,390	6,004,390
Non-current obligations	1,868,565	-	9,040,788	(6,004,390)	4,904,963
Total liabilities	7,338,534	(9,037,306)	12,608,125	-	10,909,353

	Opening	Cash flows	Additions	Reclassi- fication adjustment	Closing
Interest bearing liability					
2023					
Current obligations	16,837,629	(10,155,112)	(6,682,516)	13,831,644	13,831,645
Non-current obligations	15,212,829	-	6,682,516	(13,831,644)	8,063,701
Total liabilities	32,050,458	(10,155,113)	-	-	21,895,346
2022					
Current obligations	17,492,098	(28,133,801)	10,641,703	16,837,629	16,837,629
Non-current obligations	20,245,206	-	11,805,252	(16,837,629)	15,212,829
Total liabilities	37,737,304	(28,133,801)	22,446,955	-	32,050,458

For personal use only

5. REVENUE

	2023	2022
Sale of gold at spot	325,212,443	336,730,400
Sale of gold under forward contracts ⁽¹⁾	329,158,791	310,846,218
Total revenue from contracts with customers	654,371,234	647,576,618

Disaggregated revenue per segment has been disclosed in Note 32.

1. Gold sold under forward contracts

The Group's operations are exposed to commodity price fluctuations. The Group has a commodity risk management hedging policy that authorises management to enter into price protection contracts to ensure revenue streams up to 60% of gold sales for up to three years of forecast production.

At the end of the financial year, the Group had unrecognised gold forward contracts for 10,000 ounces at an average price of \$2,459 per ounce ending in July 2023, under which the Group will deliver physical gold to settle. The Group also had 30,000 ounces of gold put options of \$2,700/oz and gold call options of \$3,340/oz. The value of the zero-cost collars at financial year end was deemed to be immaterial. Refer to Note 4(c) Commodity Price Risk.

The transaction price allocated to remaining performance obligations under forward contracts not recognised at the balance sheet date at 30 June 2023 is as follows:

	2023	2022
Gold forward contracts		
- Within 1 year	24,594,000	330,707,005
- 1 to 2 years	-	23,964,276
	24,594,000	354,671,281

The amounts due are for delivery of gold which will be paid within 3 days of delivery.

6. OTHER INCOME

	2023	2022
Interest income calculated using the effective interest rate method	3,447,526	266,150
Net gain on sale of financial assets at FVTPL	(190,939)	-
Net gain on sale of property, plant and equipment	4,448,016	1,316,434
Other income	3,295,285	3,080,833
Total other income	10,999,888	4,663,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

7. EXPENSES

	2023	2022
(a) Cost of sales		
Gold production		
Salaries, wages expense and other employee benefits	160,623,325	175,906,269
Other production costs	295,008,423	218,314,978
Write down in value of inventories to estimated net realisable value	-	10,252,203
Royalty expense	23,082,403	23,537,397
Depreciation and amortisation expense		
Depreciation of non-current assets:		
Plant and equipment	43,906,314	54,409,633
Buildings	1,986,122	2,095,532
Right-of-use assets	6,139,491	8,249,706
Amortisation of non-current assets:		
Mine properties and development costs	100,852,823	127,535,100
Total cost of sales	631,598,901	620,300,818
(b) Finance costs		
Interest expense	1,686,525	1,648,881
Capitalised borrowing costs to qualifying asset	-	(1,145,680)
Unwinding of rehabilitation provision discount	770,760	895,459
Total finance costs	2,457,285	1,398,660

Big Bell Underground Mine went into commercial production on 1 April 2022. Subsequent to going into commercial production, none of the borrowing costs have been capitalised.

For personal use only

7. EXPENSES (CONTINUED)

	2023	2022
(c) Other expenses		
Administration expenses		
Employee benefits expense		
Salaries and wages expense	8,198,787	6,555,882
Directors' fees and other benefits	576,708	377,746
Other employee benefits	165,478	87,033
Share-based payments expense	1,039,025	618,435
	9,979,998	7,639,096
Other administration expenses		
Consulting expenses	1,505,099	2,170,807
Subscriptions	1,028,757	273,090
Recruitment and relocation	437,108	255,911
Business development	759,619	91,125
Insurance	437,486	396,621
Travel and accommodation expenses	238,346	92,200
Other costs	2,055,863	1,157,911
	6,462,278	4,437,665
Depreciation expense		
Property plant and equipment	383,053	374,671
Right-of-use assets	544,573	516,028
	927,626	890,699
Total other expenses	17,369,902	12,967,460

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

8. INCOME TAX

	2023	2022
(a) Major components of income tax expense:		
Income Statement		
<i>Current income tax expense</i>		
Current income tax (benefit) expense	(17,818,544)	(10,632,327)
Adjustment in respect of current income tax of previous years	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	21,878,828	(39,878,133)
Adjustment in respect of prior year tax losses / DTA	(114,299)	1,543,233
Income tax for continuing and discontinuing operations	3,945,985	(48,967,227)
(b) Amounts charged or credited directly to equity		
Share issue costs	470,670	(565,590)
	470,670	(565,590)
(c) A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit (loss) before tax from continuing operations	13,949,469	(160,086,518)
Total accounting profit (loss) before income tax	13,949,469	(160,086,518)
At statutory income tax rate of 30% (2022: 30%)	4,184,840	(48,025,955)
Non-assessable income	(124,556)	(459,389)
Under (over) in respect of prior years	(114,299)	(481,883)
Income tax (benefit) expense reported in the income statement	3,945,985	(48,967,227)
Tax expense from continuing operations	3,945,985	(48,967,227)
Income tax (benefit) expense reported in the income statement	3,945,985	(48,967,227)

For personal use only

8. INCOME TAX (CONTINUED)

(d) Deferred income tax at 30 June relates to the following:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2023	2022	2023	2022
Deferred tax liabilities				
Exploration	(22,751,899)	(16,538,683)	6,213,216	5,068,766
Trade and other receivables	(639,932)	(341,375)	298,557	(334,642)
Prepayments	(10,141)	(16,394)	(6,253)	4,555
Deferred mining	(28,796,912)	(32,761,755)	(3,964,843)	(43,709,681)
Inventories	(10,905,583)	(10,964,932)	(59,349)	2,261,854
Property plant and equipment	(8,691,031)	(7,729,115)	961,916	1,743,102
Gross deferred tax liabilities	(71,795,498)	(68,352,254)		
Deferred tax assets				
Net gain on financial assets FVTPL	453,115	423,071	(30,044)	(604,212)
Accrued expenses	390,096	718,292	328,197	116,382
Provision for employee entitlements	4,637,450	4,820,069	182,620	(715,206)
Provision for rehabilitation	11,069,385	17,696,605	6,627,219	(3,609,899)
Business related costs	165,227	162,179	(3,048)	(99,151)
Capital raising costs	896,406	1,367,076	-	-
Recognised tax losses	24,073,447	17,471,245	(6,602,203)	(9,089,097)
Gross deferred tax assets	41,685,126	42,658,537		
Net deferred tax liabilities	(30,110,372)	(25,693,717)		
Deferred tax expense			3,945,985	(48,967,227)

(e) Unrecognised losses

At 30 June 2023, there are no unrecognised losses for the Group (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

9. EARNINGS PER SHARE

The following reflects the data used in the basic and diluted earnings per share computations.

	2023	2022
(a) Earnings used in calculating earnings per share		
Net profit/(loss) attributable to ordinary equity holders of the parent	10,003,484	(111,119,291)
Net profit attributable to ordinary equity holders of the parent	10,003,484	(111,119,291)
Basic earnings/(loss) per share (cents)	2.11	(25.32)
	2.11	(25.32)
Earnings used in calculating earnings per share		
For diluted earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the parent (from basic EPS)	10,003,484	(111,119,291)
Net profit attributable to ordinary equity holders of the parent	10,003,484	(111,119,291)
Diluted profit/(loss) per share (cents)		
Continuing operations	2.11	(25.32)
	2.11	(25.32)
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	473,622,730	438,907,701
Effect of dilution:		
Rights	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	473,622,730	438,907,701

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The Company had 4,438,946 performance rights (contingently issued shares) on issue that are excluded from the calculation of diluted loss per share for the current financial period.

For personal use only

10. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank and in hand	176,411,855	142,701,502
Short-term deposits	-	40,000,000
Cash at bank and in hand	176,411,855	182,701,502
CASH FLOW RECONCILIATION		
Reconciliation of net profit after income tax to net cash flows from operating activities		
Profit/(loss) before income tax	10,003,484	(111,119,291)
Amortisation and depreciation	153,812,376	193,180,670
Income tax (benefit)/expense	3,945,984	(48,967,227)
Share based payments	1,039,025	618,435
Unwinding of rehabilitation provision discount	770,760	895,459
Net loss/(profit) on disposal of property, plant and equipment	(4,448,016)	(1,316,434)
Profit on disposal of fair value financial assets	190,939	-
Fair value change in financial instruments (refer to Note 15)	(4,435)	2,014,040
Impairment of mine properties and property plant and equipment (refer to Note 17)	-	175,535,410
Exploration and evaluation expenditure written off (refer to Note 18)	-	110,165
	165,310,117	210,951,227
Changes in assets and liabilities		
(Increase)/decrease in inventories	13,342,615	(36,952,721)
Increase in trade and other receivables and prepayments	(754,936)	(1,047,740)
Increase/(decrease) in trade and other creditors	(8,790,126)	4,520,668
Increase/(decrease) in provisions	(674,452)	2,384,020
Net cash flows from operating activities	168,433,218	179,855,454

At 30 June 2023, the Group had available \$8,457,321 (2022: \$3,156,781) of undrawn borrowing facilities.

11. TRADE AND OTHER RECEIVABLES (current)

	2023	2022
Statutory receivables	5,858,984	6,453,347
Other debtors	995,927	669,387
Total trade and other receivables	6,854,911	7,122,734

Statutory receivables comprises of GST input tax credits and diesel fuel rebates.

Other debtors are non-interest bearing and generally have a 30-60 day term.

All trade and other receivables are classed as recoverable in full, none of which were past due. The carrying amount of other debtors approximate their fair value. Refer Note 4(b) for credit risk disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

12. INVENTORIES (current)

	2023	2022
Ore stocks at net realisable value	25,577,725	37,699,414
Gold in circuit at cost	16,293,902	20,870,066
Gold metal at cost	3,901,481	-
Stores and spares at cost	44,459,486	44,208,485
Provision for obsolete stores and spares	(7,493,121)	(6,695,876)
Total inventories at lower of cost and net realisable value	82,739,473	96,082,089

During the year there were no write-downs in inventories (2022: \$10,252,203) from continuing operations for the Group. This is included in cost of sales refer to Note 7(a).

13. PREPAYMENTS (current)

	2023	2022
Prepayments	6,449,836	5,427,078
	6,449,836	5,427,078

Prepayments include insurances, software licenses and subscriptions.

14. OTHER FINANCIAL ASSETS (current)

	2023	2022
Cash on deposit	4,149,443	1,930,033
	4,149,443	1,930,033

The cash on deposit is interest bearing and is used as security for bank guarantees.

15. FINANCIAL ASSETS

	2023	2022
Listed shares - Australian	8,157,712	6,799,309
	8,157,712	6,799,309
Movement in Listed Shares		
At 1 July	6,799,309	6,423,091
Additions of listed shares	1,955,248	2,390,258
Proceeds on disposal of financial assets	(476,062)	-
Loss on disposal of financial assets	(125,218)	-
Net gain /(loss) on fair value changes of financial assets	4,435	(2,014,040)
At 30 June	8,157,712	6,799,309

15. FINANCIAL ASSETS (CONTINUED)

Listed shares

These financial assets consist of investments in ordinary shares. The fair value of equity investments at fair value through profit or loss has been determined directly by reference to published price quotations in an active market (Level 1).

Movement in investments during the year ended 30 June 2023 are as follows:

- The Group has a 2.48% (30 June 2022: 1.01%) interest in Musgrave Minerals Limited, which is involved in the exploration of gold and base metals in Australia. Musgrave is listed on the Australian Securities Exchange (ASX: MGJ). At the end of the period, the fair value of the Group's investment was \$4,182,673 (30 June 2022: \$1,335,747) which is based on the quoted share price.
- The Group has a 11.58% (2022: 14.78%) interest in Alto Metals Limited which is involved in the exploration of gold and base metals in Australia. Alto is listed on the Australian Securities Exchange (ASX: AME). At the end of the year, the fair value of the Group's investment was \$3,975,039 (2022: \$5,463,561) which is based on the quoted share price.

16. PROPERTY, PLANT & EQUIPMENT

	2023	2022
Plant and equipment		
Gross carrying amount at cost	378,943,868	377,434,401
Accumulated depreciation and impairment	(284,067,365)	(264,485,838)
Net carrying amount	94,876,503	112,948,563
Land and buildings		
Gross carrying amount at cost	26,774,075	26,474,862
Accumulated depreciation and impairment	(11,107,700)	(9,121,579)
Net carrying amount	15,666,375	17,353,283
Capital work in progress at cost	30,360,293	17,614,257
Total property, plant and equipment	140,903,171	147,916,103
Movement in property, plant and equipment		
Plant and equipment		
At 1 July net of accumulated depreciation	112,948,563	141,224,081
Transfer from capital work in progress	27,420,667	46,224,414
Disposals	(1,203,359)	(7,314,376)
Impairment write-down (refer to Note 17)	-	(12,401,251)
Depreciation charge for the year	(44,289,369)	(54,784,305)
At 30 June net of accumulated depreciation	94,876,503	112,948,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

16. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	2023	2022
Land and buildings		
At 1 July net of accumulated depreciation	17,353,283	17,372,278
Transfer from capital works in progress	299,212	2,076,537
Depreciation charge for the year	(1,986,120)	(2,095,532)
At 30 June net of accumulated depreciation	15,666,375	17,353,283
Capital work in progress		
At 1 July	17,614,257	8,151,819
Additions	45,759,537	60,185,474
Transfer to mine properties (refer to Note 17)	(5,055,590)	(898,122)
Transfer to mine capital development (refer to Note 17)	(238,033)	(1,523,963)
Transfer to plant and equipment	(27,420,667)	(46,224,414)
Transfer to land and buildings	(299,212)	(2,076,537)
At 30 June	30,360,293	17,614,257

The carrying value of plant and equipment purchase under financing arrangements at 30 June 2023 is \$29,485,283 (2022: \$34,874,588).

Assets under equipment loans are pledged as security for the related interest bearing liabilities (refer to Notes 23 and 24).

17. MINE PROPERTIES AND DEVELOPMENT

	2023	2022
Mine properties		
Gross carrying amount at cost	368,689,838	363,637,652
Accumulated amortisation and impairment	(214,118,850)	(190,388,957)
Net carrying amount	154,570,988	173,248,695
Mine capital development		
Gross carrying amount at cost	583,531,191	492,782,758
Accumulated amortisation and impairment	(479,314,529)	(402,227,896)
Net carrying amount	104,216,662	90,554,862
Total mine properties and development costs	258,787,650	263,803,557

For personal use only

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

	2023	2022
Movement in mine properties and development		
Mine properties		
At 1 July net of accumulated amortisation	173,248,695	272,124,342
Additions	2,717,004	51,886,544
Transfer from capital work in progress (refer to Note 16)	5,055,589	898,122
Transfer from mine capital development	-	3,455,983
Transfer from exploration (refer to Note 18)	-	1,518,725
Decrease in rehabilitation provision	(2,720,408)	(9,067,232)
Amortisation charge for the year	(23,729,892)	(28,900,121)
Impairment write-down	-	(118,667,667)
At 30 June net of accumulated amortisation	154,570,988	173,248,695
Mine capital development		
At 1 July net of accumulated amortisation	90,554,862	135,211,578
Additions	90,510,400	98,653,906
Transfer from capital work in progress (refer to Note 16)	238,033	1,523,963
Transfer from exploration (refer to Note 18)	-	1,722,869
Transfer to capital development	-	(3,455,983)
Amortisation charge for the year	(77,086,633)	(98,634,979)
Impairment write-down	-	(44,466,492)
At 30 June net of accumulated amortisation	104,216,662	90,554,862
	2023	2022
IMPAIRMENT OF MINE PROPERTIES AND DEVELOPMENT		
Murchison CGO CGU		
Mine properties	-	107,892,672
Mine capital development	-	1,530,969
Murchison MGO CGU		
Mine properties	-	5,815,456
Mine capital development	-	19,833,030
Property Plant and Equipment (refer to Note 16)	-	10,637,100
Bryah FGO CGU		
Mine properties	-	4,959,539
Mine capital development	-	23,102,493
Property Plant and Equipment (refer to Note 16)	-	1,764,151
Impairment loss before income tax		175,535,410

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Results of impairment testing

Mine Properties and development

Westgold is a dynamic, growth oriented Western Australian gold miner and is unique in the Australian gold sector as an owner operator. Westgold's operations are comprised of:

- the Bryah Operations at Fortnum (FGO)
- the Murchison Operations at Meekatharra (MGO) and Cue (CGO)

These operations are the Cash Generating Units of the Group as they each operate independent of the other. A Cash Generating Unit (CGU) is defined as the smallest group of assets that includes the assets and generates cash flows that are largely independent of the cash inflows from other assets or group of assets.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the VIU for each CGU has been estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions. Production and cost assumptions were derived from estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and its eventual disposal, based on the CGU latest life of mine (LOM) plans. These cash flows were discounted using a real post-tax discount rate that reflects the weighted average cost of capital of the Group.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are generated as part of the Group's planning process, including LOM plans, budgets, forecasts and CGU-specific studies.

This assessment is in accordance with the relevant accounting standards taking into consideration the current outlook for gold prices, increasing supply chain cost pressures including diesel fuel, consumables, labour costs and interest rates while maintaining the production, processing and recovery assumptions.

In performing the impairment assessment, the company determined that the carrying value of each CGU did not exceed its recoverable amount. Therefore, no impairment was recorded for the 30 June 2023 period (30 June 2022: \$175,535,410).

Key Assumptions

The table below summarises the key assumptions used in the 2023 year end carrying value assessments.

Assumption	Value
Gold price (\$/oz)	A\$2,794/oz – A\$2,100/oz real
Discount rate	5.5% real post tax

Gold prices

Gold prices are estimated with reference to external market forecasts based on a consensus view of market experts.

Discount rate

In determining the fair value of CGU's, the future real cashflows are discounted using rates based on the Group's estimated after tax real weighted average cost of capital with a mid-point of 5.5%.

Operating and capital costs

Life of mine operating and capital cost assumptions are based on the Group's latest budget and life-of-mine plans.

Climate related risks

The potential financial impact of climate related risks have been considered in impairment test through the inclusion of committed initiatives in cash flow forecasts including commitments to replace the Diesel power generation with solar and gas power generation.

For personal use only

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Sensitivity Analysis

Any variation in the key assumptions impacts the recoverable value of the CGU's. In its 30 June 2023 assessment, the recoverable amount was approximately the same as the carrying amount for each CGU. Therefore, if the variation in an assumption has a negative impact on recoverable value, it could indicate a requirement for additional impairment of non-current assets for any of the CGU's. Reciprocally, if the variation in an assumption has a positive impact on recoverable value, it could indicate a requirement for a reversal of impairment charged and accumulated in the prior period. The maximum reversal will be capped at the prior period impairment.

Murchison CGO Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate increase/(decrease) on the recoverable amount of the Murchison CGO CGU as at 30 June 2023.

Murchison CGO	Increase in key assumption \$'m	Decrease in key assumption \$'m
10% change in gold price (\$/oz.)	109	(153)
100 basis point in discount rate	(13)	13
10% change in operating cost	(97)	97

Murchison MGO Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate increase/(decrease) on the recoverable amount of the Murchison MGO CGU as at 30 June 2023.

Murchison MGO	Increase in key assumption \$'m	Decrease in key assumption \$'m
10% change in gold price (\$/oz.)	36	(134)
100 basis point in discount rate	(6)	6
10% change in operating cost	(119)	26

Bryah Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate increase/(decrease) on the recoverable amount of the Bryah FGO CGU as at 30 June 2023.

Bryah -FGO	Increase in key assumption \$'m	Decrease in key assumption \$'m
10% change in gold price (\$/oz.)	30	(32)
100 basis point in discount rate	(1)	1
10% change in operating cost	(32)	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

18. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of mining areas of interest

	2023	2022
Pre-production areas		
At cost less expenditure written off	123,487,370	104,577,467
Net carrying amount	123,487,370	104,577,467
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	104,577,467	89,738,936
Additions	18,909,901	18,190,290
Transferred to mine properties (refer to Note 17)	-	(1,518,725)
Transferred to mine capital development (refer to Note 17)	-	(1,722,869)
Expenditure written off - continuing operations	-	(110,165)
At 30 June net of accumulated impairment	123,487,368	104,577,467

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. During the year, a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Group's projects, there were no expenditure on exploration and evaluation of mineral resources written off during the year (2022: \$110,165) to the profit and loss.

For personal use only

19. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for various items of mining equipment, power stations, motor vehicles and buildings used in its operations. Leases of mining equipment generally have lease terms between three and seven years, while motor vehicles and buildings generally have lease terms between three and five years.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Power Stations	Premises	Mining Equipment	Total
As at 1 July 2022	5,749,531	4,602,730	462,441	10,814,702
Additions	277,191	-	902,585	1,179,776
Disposals	-	-	-	-
Accumulated Depreciation expense	(5,196,922)	(950,555)	(536,586)	(6,684,063)
As at 30 June 2023	829,800	3,652,175	828,440	5,310,415

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2023	2022
As at 1 July	10,814,702	7,258,887
Additions	1,179,776	12,321,549
Disposals	-	-
Accretion of interest	622,347	271,572
Payments	(7,306,410)	(9,037,306)
As at 30 June	5,310,415	10,814,702
The following are the amounts recognised in profit or loss:		
Depreciation expense for right-of-use assets		
Included in cost of sales	6,139,491	8,249,706
Included in administration expenses (refer to Note 7)	544,573	516,028
Interest expense on lease liabilities	622,347	271,572
Less interest expense capitalised to qualifying asset	-	(158,195)
Total amount recognised in profit or loss	7,306,411	8,879,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

20. TRADE AND OTHER PAYABLES

	2023	2022
Trade creditors ^(a)	29,262,357	47,637,236
Sundry creditors and accruals ^(b)	49,965,041	40,380,288
	79,227,398	88,017,524

The carrying value of trade and other payables approximates the fair value.

(a) Trade creditors are non-interest bearing and generally on 30-day terms.

(b) Sundry creditors and accruals are non-interest bearing and generally on 30-day terms.

21. PROVISIONS (current)

	2023	2022
Provision for annual leave	9,340,463	10,865,164
Provision for long service leave	2,468,795	2,201,062
	11,809,258	13,066,226

22. PROVISIONS (non-current)

	2023	2022
Provision for long service leave	3,648,908	3,000,672
Provision for rehabilitation ^(a)	62,625,784	66,669,167
	66,274,692	69,669,839

(a) Provision for rehabilitation

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2033 which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believe is a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

The discount rates used in the calculation of the provision as at 30 June 2023 range from 3.95% to 4.03% (2022: range from 3.34% to 3.58%). Refer to Note 3 for further detail.

(b) Current and non-current movements in provision for rehabilitation

	2023	2022
At 1 July	66,669,167	74,840,940
Adjustment due to revised conditions	(4,814,142)	(9,067,232)
Unwind of discount	770,760	895,459
At 30 June	62,625,785	66,669,167

For personal use only

23. INTEREST-BEARING LOANS AND BORROWINGS (current)

	2023	2022
Lease liabilities	2,111,143	6,004,390
Equipment loans	13,831,644	16,837,629
At 30 June	15,942,787	22,842,019

Represents current portion of equipment loans which have repayment terms of 36 months from inception.

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current)

	2023	2022
Lease liabilities	3,484,329	4,904,963
Equipment loans	8,063,702	15,212,829
At 30 June	11,548,031	20,117,792

Represents non-current portion of equipment loans which have repayment terms of 36 months from inception.

The weighted average interest rate is 7.91% per annum (2022: 3.91%).

Assets pledged as security:

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities:

Non-current**Equipment loans**

	2023	2022
Plant and equipment	29,485,283	34,874,588
Total non-current assets pledged as security	29,485,283	34,874,588

Plant and equipment assets are pledged against liabilities for the term of the arrangement.

Future commitments in respect of interest bearing loans**Equipment loan commitments**

The Company has equipment loans for various items of plant and machinery. The equipment loans have an average term of 36 months. Assets under equipment loans are pledged as security for the related interest bearing liabilities.

Interest bearing liabilities	Minimum payments	Present value of payments
2023		
Within one year	14,525,399	13,831,644
After one year but not more than five years	8,421,478	8,063,702
Total minimum payments	22,946,877	21,895,346
Less amounts representing finance charges	(1,051,531)	-
Present value of minimum payments	21,895,346	21,895,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current) (CONTINUED)

Non-current (continued)

Interest bearing liabilities	Minimum payments	Present value of payments
2022		
Within one year	17,721,643	16,837,629
After one year but not more than five years	15,678,760	15,212,829
Total minimum payments	33,400,403	32,050,458
Less amounts representing finance charges	(1,349,945)	-
Present value of minimum payments	32,050,458	32,050,458

Lease liabilities

AASB 16 *Leases* requires the recognition of right-of-use assets for the remaining term of the current leases for office premises and the warehouse facility, as well as the power stations and equipment at the various mine sites.

Lease liabilities	Minimum lease payments	Present value of lease payments
2023		
Within one year	2,417,295	2,111,143
After one year but not more than five years	4,190,794	3,484,329
Total minimum lease payments	6,608,089	5,595,472
Less amounts representing finance charges	(1,012,617)	-
Present value of minimum lease payments	5,595,472	5,595,472

Lease liabilities	Minimum lease payments	Present value of lease payments
2022		
Within one year	6,573,483	6,004,390
After one year but not more than five years	5,879,451	4,904,963
Total minimum lease payments	12,452,934	10,909,353
Less amounts representing finance charges	(1,543,581)	-
Present value of minimum lease payments	10,909,353	10,909,353

For personal use only

25. ISSUED CAPITAL

	2023	2022
(a) Ordinary Shares		
Issued and fully paid	462,997,480	463,468,148
	Number	\$
(b) Movements in ordinary shares on issue		
At 1 July 2021	423,925,206	364,077,523
Issued share capital	48,000,000	100,800,000
Issued share capital on exercise of rights (f)	332,332	-
Issued share capital under dividend reinvestment plan	1,365,192	2,157,835
Share issue costs, net of tax	-	(3,567,210)
At 30 June 2022	473,622,730	463,468,148
Issued share capital on exercise of listed rights	-	-
Issued share capital under dividend reinvestment plan	-	-
Issued share capital	-	-
Share issue costs, net of tax	-	(470,668)
At 30 June 2023	473,622,730	462,997,480

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

(d) Escrow restrictions

There are no current escrow restrictions on the issued capital of the Company.

(e) Performance Rights on issue

Unissued ordinary shares of the Company under performance rights at the date of this report are as follows:

Type	Expiry Date	Exercise Price	Number of performance rights
Unlisted – Tranche 5 ⁽ⁱ⁾	30/06/2024	Nil	1,161,058
Unlisted – Tranche 6 ⁽ⁱ⁾	30/06/2025	Nil	2,567,547
Total			3,728,605

(i) Rights issued pursuant to the Westgold Resources Limited Employee Share Performance Rights Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

25. ISSUED CAPITAL (CONTINUED)

(f) Performance Rights conversions

No listed performance rights were exercised during the financial year (2022: 332,332).

	2023	2022
(g) Capital management - gearing ratio		
Gearing ratio	4.59%	7.31%
Debt	27,490,818	42,959,811
Capital	598,339,298	587,767,457

Capital includes issued capital and all other equity reserves attributable to the equity holders of the parent for the purpose of the Group's capital management. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2023 and 30 June 2022. The Group monitors capital using a gearing ratio, which is debt divided by the aggregate of equity. The Group includes in its net debt, interest bearing loans and borrowings. The Group's aim is to keep the gearing ratio between 5% and 20%.

26. RETAINED EARNINGS (ACCUMULATED LOSSES)

	2023	2022
At 1 July	(73,079,253)	46,522,657
Net profit/(loss) in current year attributable to members of the parent entity	10,003,484	(111,119,291)
Dividends paid	-	(8,482,619)
At 30 June	(63,075,769)	(73,079,253)

27. RESERVES

	Share-based payments reserve	Equity reserve	Total
At 30 June 2021	15,266,496	181,493,631	196,760,127
Share-based payments	618,435	-	618,435
At 30 June 2022	15,884,931	181,493,631	197,378,562
Share-based payments	1,039,025	-	1,039,025
At 30 June 2023	16,923,956	181,493,631	198,417,587

Equity reserve

This reserve relates to the intercompany loans with Metals X Ltd written off on demerger of the Group.

Share-based payments reserve

This reserve is used to recognise the fair value of instruments issued to employees in relation to equity-settled share-based payments.

For personal use only

28. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for services received during the year is shown in the table below:

	2023	2022
Expense arising from equity-settled share-based payments	1,039,025	618,435

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2023, 2022, 2021 and 2020.

(b) Transactions settled using shares

There were no transactions settled using shares in the year ending 30 June 2023.

(c) Employee share and option plan

Under the Employee Share and Option Plan (ESOP), grants are made to senior executives and other staff members who have made an impact on the Group's performance. ESOP grants are delivered in the form of share options or performance rights which vest over periods as determined by the Board of Directors.

(d) Performance rights (Rights)

Unlisted Employee Performance Rights are issued to senior management under the Employee Share Option Plan, the principal terms being:

- The Performance Rights have been issued for nil consideration.
- Exercise Price of a Performance Right is nil
- The Performance Rights measurement date for Tranche 6 is 31 March 2025 and Tranche 5 is 31 March 2024
- The Performance Rights are subject to defined Performance Conditions as below:

	Tranche 6	Tranche 5
- Growth in Relative Total Shareholder Return (RTSR)	30%	25%
- Growth in Absolute Total Shareholder Return (ATSR)	30%	25%
- Growth in Absolute Earnings Per Share (EPS)	30%	25%
- Ore Reserve Growth	10%	-
- Operational Growth	-	25%

- Subject to the terms contained in this Offer, the Performance Rights will not be transferable in whole or in part (except, in the case of the Performance Right holder's death, by his or her legal personal representative).
- The Company will issue fully paid ordinary Shares ranking pari passu with the issued ordinary shares once the Performance Rights have vested.
- The Company will apply for listing on the ASX of the resultant Shares of the Company issued upon vesting of any Performance Rights.
- A Performance Rights holder cannot participate in dividends or bonus issues, with respect to those Performance Rights, unless those Performance Rights are vested.
- A Performance Rights holder does not have any right to participate in new issues of securities in the Company made to shareholders with respect to those Performance Rights.
- The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- No amount is payable by a holder of Performance Rights in respect of the shares allocated upon vesting of the Performance Rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

28. SHARE-BASED PAYMENTS (CONTINUED)

(d) Performance rights (Rights) (continued)

Summary of rights granted under the Employee Share and Option Plan

	2023 Number	2023 WAEP	2022 Number	2022 WAEP
Outstanding at the beginning of the year	2,459,072	-	2,213,898	-
Granted during the year	3,159,585	-	2,128,138	-
Exercised during the year	(126,564)	-	(205,768)	-
Lapsed/forfeited during the year	(1,053,147)	-	(1,677,196)	-
Outstanding at the year end	4,438,946	-	2,459,072	-
Exercisable at the year end	-	-	-	-

The following table represents the outstanding balance as at 30 June 2023:

Grant Date	Vesting date	Expiry date	Exercise price	Number of Options / Rights	Options lapsed / forfeited	Options / Rights Issued / (exercised)	Number of Options / Rights at end of the year	
							On issue	Vested
ZEPO - Tranche 3								
07/05/2020	30/06/2022	30/06/2022	\$0.00	126,564	-	(126,564)	-	-
Rights - Tranche 4								
24/11/2020	30/06/2023	30/06/2023	\$0.00	762,080	(51,739)	-	710,341	-
Rights - Tranche 5								
11/10/2021	30/06/2024	30/06/2024	\$0.00	202,435	-	-	202,435	-
11/10/2021	30/06/2024	30/06/2024	\$0.00	1,367,993	(409,370)	-	958,623	-
Rights - Tranche 6								
04/11/2022	30/06/2025	01/10/2025	\$0.00	-	-	385,233	385,233	-
04/10/2022	30/06/2025	01/10/2025	\$0.00	-	(592,038)	2,774,352	2,182,314	-
Total				2,459,072	(1,053,147)	3,033,021	4,438,946	-

Weighted average remaining contractual life of share-based payments

The weighted average remaining contractual life for the share-based payments outstanding as at 30 June 2023 is 1.69 years (2022: 1.68 years).

Range of exercise price of share-based payments

The range of exercise price for share-based payments outstanding at the end of the year is \$0.00 (2022: \$0.00).

Weighted average fair value of share-based payments

The weighted average fair value of share-based payments granted during the year was \$0.62 (2022: \$1.43).

For personal use only

28. SHARE-BASED PAYMENTS (CONTINUED)

(d) Performance rights (Rights) (continued)

Valuation of share-based payments

The fair value of the equity-settled share-based payments granted under the ESOP is estimated at the date of grant using either a Black & Scholes or a Monte Carlo model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date, historical and expected dividends and the expected life of the option or right, and the probability of fulfilling the required hurdles.

- Tranche 3 Options vest subject to performance hurdles, measured for the period 1 July 2019 to 30 June 2022
- Tranche 4 Rights vest subject to performance hurdles, measured for the period 1 July 2020 to 30 June 2023
- Tranche 5 Rights vest subject to performance hurdles, measured for the period 1 July 2021 to 30 June 2024
- Tranche 6 Rights vest subject to performance hurdles, measured for the period 1 July 2022 to 30 June 2025

The following table gives the assumptions made in determining the fair value of the rights granted in Tranche 6.

Grant date	04/10/2022	04/10/2022	04/10/2022	04/10/2022
	RTSR	ATSR	AEPS	Ore Reserve Growth
Expected volatility (%)	54%	54%	54%	54%
Risk-free interest rate (%)	2.97%	2.97%	2.97%	2.97%
Expected life of options (years)	2.75	2.75	2.75	2.75
Options exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00
Share price at grant date (\$)	\$0.86	\$0.86	\$0.86	\$0.86
Fair value at grant date (\$)	\$0.57	\$0.36	\$0.86	\$0.86

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of the Company's share price over a three-year period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

29. COMMITMENTS

(a) Capital commitments

At 30 June 2023, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

	2023	2022
- Within one year	26,168,651	17,715,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

29. COMMITMENTS (CONTINUED)

(b) Mineral tenement lease commitments

The Company has commercial leases over the tenements in which the mining operations are located. These tenement leases have a life of between six months and twenty-one years. In order to maintain current rights to explore and mine the tenements, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts.

	2023	2022
Mineral tenement leases:		
- Within one year	4,570,018	4,395,253
- After one year but not more than five years	17,816,763	17,132,795
- After more than five years	24,435,509	23,423,341
	46,822,290	44,951,389

(c) Other commitments

The Group has obligations for various expenditures such as royalties, production-based payments and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

	2023	2022
Royalties paid under contractual arrangements	23,082,403	23,537,397

30. CONTINGENT ASSETS AND LIABILITIES

(i) Bank guarantees and rental deposits

The Group has a number of bank guarantees and rental deposits in favour of various government authorities and service providers. These primarily relate to office leases and environmental and rehabilitation bonds at the various projects. The total amount of these guarantees at the reporting date is \$4,149,443 (2022: \$1,930,033). The bank guarantees are fully secured by term deposits (refer to Note 14).

31. AUDITOR'S REMUNERATION

	2023	2022
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	283,665	282,825
Fees for other assurance and agreed upon procedures services and other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	8,320	-
Fees for other services:		
- Tax compliance and others	67,854	2,200
Total auditor's remuneration	359,839	285,025

For personal use only

32. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments determined by the location of the mineral being mined or explored, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable segments

The Group comprises the following reportable segments

Reference	Segment	Nature
FGO	Bryah Operations	Mining, treatment, exploration and development of gold assets
MGO & CGO	Murchison Operations	Mining, treatment, exploration and development of gold assets
Other	Other	Exploration and development of other mineral assets

General

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, certain income and expenses (see below) are managed on a consolidated basis and are not allocated to operating segments. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Unallocated income and costs

Finance income and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis. Corporate charges comprise non-segmental expenses such as head office expenses and interest costs. Corporate charges are not allocated to operating segments. Refer to reconciliation segment results to consolidated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

32. OPERATING SEGMENTS (CONTINUED)

Other disclosures

Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation expenditure including assets from the acquisition of subsidiaries.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2023 and 30 June 2022.

	Murchison	Bryah	Other	Total
Year ended 30 June 2023				
External revenue				
Sale of gold at spot	257,000,212	68,212,231	-	325,212,443
Sale of gold under forward contracts	260,503,193	68,654,073	-	329,157,266
Total segment revenue	517,503,405	136,866,304	-	654,371,234
Results				
Depreciation and amortisation	(127,427,674)	(25,457,077)	(927,626)	(153,812,377)
Exploration and evaluation expenditure written off	-	-	-	-
Segment profit/(loss) before impairment	14,951,974	7,820,360	(2,457,285)	20,315,049
Total assets	531,858,864	78,496,658	98,285	610,453,807
Total liabilities	(136,040,060)	(34,087,935)	-	(170,127,995)
Capital expenditure	(119,132,722)	(28,214,635)	-	(147,347,357)
Year ended 30 June 2022				
External revenue				
Sale of gold at spot	247,763,992	88,966,408	-	336,730,400
Sale of gold under forward contracts	241,594,540	69,251,678	-	310,846,218
Total segment revenue	489,358,532	158,218,086	-	647,576,618
Results				
Depreciation and amortisation	(143,564,220)	(48,725,750)	(890,699)	(193,180,669)
Exploration and evaluation expenditure written off	(89,016)	(21,149)	-	(110,165)
Segment profit/(loss) before impairment	9,462,740	17,702,894	(1,398,659)	25,766,975
Total assets	557,446,050	73,580,723	44,059	631,070,832
Total liabilities	(167,705,275)	(35,871,982)	(42,705)	(203,619,962)
Capital expenditure	(201,562,547)	(37,456,499)	-	(239,019,046)

For personal use only

32. OPERATING SEGMENTS (CONTINUED)**(a) Reconciliation of profit/(loss)**

	2023	2022
Segment profit/(loss)	20,315,049	25,766,975
Corporate administration expenses	(17,369,902)	(12,967,460)
Corporate interest income	3,447,526	266,150
Corporate other income	3,295,285	3,080,833
Net gain/(loss) on fair value changes of financial assets	4,435	(2,014,040)
Net gain/(loss) on sale of financial assets at FVTPL	(190,939)	-
Net gain/(loss) on disposal of assets	4,448,016	1,316,434
Impairment of mine properties and property plant and equipment	-	(175,535,410)
Total consolidated profit (loss)/from continuing operations before income tax	13,949,470	(160,086,518)
(b) Reconciliation of assets		
Segment operating assets	610,453,807	631,070,832
Unallocated corporate assets		
Cash and cash equivalents	175,101,708	181,738,509
Trade and other receivables	548,612	458,822
Prepayments	953,768	912,144
Other financial assets	3,545,584	1,326,174
Financial assets (equity investments)	8,157,712	6,799,309
Property, plant and equipment	11,540,680	1,374,246
Right-of-use assets	2,949,966	3,494,538
Total consolidated assets	813,251,837	827,174,574
(c) Reconciliation of liabilities		
Segment operating liabilities	170,127,995	203,619,962
Unallocated corporate liabilities		
Trade and other payables	8,907,103	4,045,805
Provision for employee benefits	2,354,042	2,482,343
Interest-bearing loans and borrowings	3,413,026	3,565,290
Deferred tax liability	30,110,371	25,693,717
Total consolidated liabilities	214,912,537	239,407,117
(d) Segment revenue from external customers		
Segment revenue	654,371,234	647,576,618
Total revenue	654,371,234	647,576,618

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

32. OPERATING SEGMENTS (CONTINUED)

(d) Segment revenue from external customers (continued)

Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2023	2022
Australia	654,371,234	647,576,618
Total revenue	654,371,234	647,576,618

The Group has two customers to which it sells gold and each account for 50% and 50% of this external revenue respectively (2022: 52% and 48%).

(e) Segment non-current assets are all located in Australia.

33. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

		Appointed	Resigned
(i) Non-Executive Directors (NEDs)			
Hon. CL Edwardes AM	Non-Executive Chair	28/03/2022	-
FJ Van Maanen	Non-Executive Director	06/10/2016	-
GR Davison	Non-Executive Director	01/06/2021	-
JL Matthys	Non-Executive Director	28/03/2022	-
DN Kelly	Non-Executive Director	05/11/2022	-
PB Schwann ¹	Non-Executive Director	02/02/2017	26/07/2022
(ii) Managing Director			
WC Bramwell	Managing Director	24/05/2022	-
(iii) Other Executives (KMPs)			
SH Heng	Chief Financial Officer	02/08/2021	-
PW Wilding	Chief Operating Officer	11/10/2022	-
L Smith ²	Company Secretary & General Counsel	20/12/2019	02/11/2022

1. PB Schwann resigned as an Independent Non-Executive Director on 26 July 2022.
2. L Smith resigned as Company Secretary and General Counsel on 02 November 2022.

There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

For personal use only

33. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Compensation of Key Management Personnel

	2023	2022
Short term benefits	2,522,951	2,664,040
Other fees	-	14,373
Termination payments	171,500	728,876
Post-employment benefits	167,279	208,138
Other long-term benefits	201,831	40,498
Share-based payments	218,292	(130,843)
	3,281,853	3,525,082

(c) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

(d) Interest held by Key Management Personnel under the Long-Term Incentive Plan

Performance Rights held by key management personnel under the long-term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price \$	2023	2022
11/10/2021	30/06/2024	0.00	405,986	501,470
04/10/2022	01/10/2025	0.00	971,653	-
Total			1,377,639	667,541

34. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements of the Group include Westgold Resources Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest	
		2023	2022
Aragon Resources Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Westgold Mining Services Pty Ltd	Australia	100%	100%

(b) Ultimate parent

Westgold Resources Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

34. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with related parties

	2023	2022
Services provided by Westgold Resources Limited to Castile Resources Ltd	-	4,967
Amount owing by Castile Resources Ltd at 30 June	-	490

INFORMATION RELATING TO WESTGOLD RESOURCES LIMITED (THE PARENT ENTITY)

	2023	2022
Current assets	180,149,671	184,435,649
Total assets	445,506,661	462,571,498
Current liabilities	11,748,033	6,680,412
Total liabilities	14,674,169	10,093,436
Issued capital	462,997,479	463,468,149
Retained earnings/(accumulated losses)	(52,645,728)	(31,431,802)
Share-based payments reserve	16,923,957	15,884,932
Other reserves	4,556,783	4,556,783
Total Equity	431,832,491	452,478,062
Profit/(loss) of the parent entity	(21,213,926)	(11,379,797)
Total comprehensive profit of the parent entity	(21,213,926)	(11,379,797)

35. GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES.

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, Westgold and its wholly owned subsidiaries entered into a deed of cross guarantee on 28 November 2016 (the Guarantee). The effect of the Guarantee is that Westgold has guaranteed to pay any deficiency in the event of winding up of any controlled entity which is a party to the Guarantee or if they do not meet their obligations under the terms of any debt subject to the Guarantee. The controlled entities which are parties to the Guarantee have given a similar guarantee in the event that Westgold is wound up or if it does not meet its obligations under the terms of any debt subject to the Guarantee.

The Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income for the closed group is not different to the Group's Statement of Financial Position and Statement of Comprehensive Income.

Other contingent liabilities of the parent entity	Nil
Contractual commitments by the parent entity for the acquisition of property, plant or equipment	Nil

For personal use only

36. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events after the balance date.

37. ACCOUNTING STANDARDS

New and amended standards and interpretations

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2022. The accounting policies adopted are consistent with those of the previous financial year. Several new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2022 but did not have a material impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

The standards and interpretations that have been issued or amended but not yet effective have not been early adopted by the Group for the annual reporting period ended 30 June 2023.

The following Accounting Standards issued but not yet effective, have been assessed with no significant impact to the Group.

- AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 17 Insurance Contracts
- AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates
- AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current

DIRECTORS' DECLARATION

for the year ended 30 June 2023

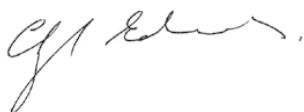
In accordance with a resolution of the Directors of Westgold Resources Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2023 and of their performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b) and;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee identified in Note 35.

On behalf of the Board.



Hon. Cheryl L Edwardes AM
Non-Executive Chair

Perth, 23 August 2023

For personal use only

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Westgold Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

INDEPENDENT AUDITOR'S REPORT

continued



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment assessment of non-current assets

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2023, the Group had non-current assets of \$405,001,236 comprising property, plant and equipment, capitalised mine properties and development expenditure and right of use assets (refer to Notes 16,17 and 19 of the financial report).</p> <p>At the end of the reporting period, the Group exercises judgment and estimation in performing their impairment assessment</p> <p>The Group assessed whether the recoverable value exceeds the carrying value as at 30 June 2023 of its Murchison CGO, Murchison MGO and Bryah FGO cash generating units (CGUs) and concluded that no impairment was required for any of these CGUs.</p> <p>We considered this to be a key audit matter because of the significant judgment and estimates involved in the determination of the recoverable amount of the CGUs, including assumptions relating to future gold prices, foreign exchange, operating and capital costs, the discount rate used to reflect the risks associated with the forecast cash flows having regard to the current status of the CGUs, and the reserves and resources included in the life of mine plans.</p>	<p>Our audit procedures on the impairment assessment made by the Group included the following:</p> <ul style="list-style-type: none"> ▶ Ensured the Group's impairment methodology was in accordance with the requirements of Australian Accounting Standards. ▶ Evaluated the assumptions and methodologies used by the Group, in particular, those relating to forecast cash flows including inputs used to formulate them, and the resource valuation multiples used. This included assessing, with involvement from our valuation specialists, where appropriate, the gold prices with reference to market prices (where available), market research, market practice, market indices, foreign exchange rates, broker consensus, historical performance, discount rates and resource valuation multiples. ▶ Tested the mathematical accuracy of the Group's discounted cash flow impairment models and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the Group's feasibility analysis of the CGUs and the latest Board approved life of mine plans (as appropriate). ▶ Assessed the work of the Group's internal experts with respect to the capital and operating assumptions used in the cash flow forecasts. We also considered the competence, qualifications and objectivity of the experts and assessed whether key capital and operating expenditure assumptions were consistent with information in Board reports and releases to the market. ▶ Assessed the work of the Group's experts with respect to the reserve and resource assumptions used in the cash flow forecasts. This included understanding the estimation process. We also examined the competence, qualifications and objectivity of the Group's experts, and assessed whether key economic

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



Why significant	How our audit addressed the key audit matter
	<p>assumptions were consistent with those used elsewhere in the financial report.</p> <ul style="list-style-type: none"> ▶ Assessed the impact of a range of sensitivities to the economic assumptions underpinning the Group's impairment assessment. ▶ Evaluated the adequacy of the Group's disclosures in the financial report relating to impairment.

2. Rehabilitation and restoration provisions

Why significant	How our audit addressed the key audit matter
<p>As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the environment at its mine sites. Rehabilitation activities are governed by local legislative requirements. As at 30 June 2023 the Group's consolidated statement of financial position includes provisions of \$62.6m in respect of such obligations (refer to Note 22 of the financial report).</p> <p>Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as timing of the rehabilitation, the costs associated with the rehabilitation activities and economic assumptions such as discount rates and inflation rates.</p> <p>Accordingly, this was considered to be a key audit matter.</p>	<p>We evaluated the assumptions and methodologies used by the Group in determining their rehabilitation obligations. Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the qualifications, competence and objectivity of the Group's internal experts, the work of whom, formed the basis of the Group's rehabilitation cost estimates. ▶ With the assistance of our subject matter specialists, we assessed the appropriateness of the rehabilitation cost estimates. ▶ Tested the mathematical accuracy of the rehabilitation models and assessed the appropriateness of the assumed timing of cashflows, inflation and discount rate assumptions. ▶ Assessed the adequacy of the Group's disclosures in the financial report relating to rehabilitation obligations.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 20X1 annual report other than the financial report and our auditor's report thereon. We obtained the corporate directory, the directors' report and the letter from the chair that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

continued



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Westgold Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

continued



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in cursive script that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'T S Hammond'.

T S Hammond
Partner
Perth
23 August 2023

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

SHAREHOLDER INFORMATION

as at 12 September 2023

(A) TOP 20 SHAREHOLDERS

	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	161,298,853	34.06
2	CITICORP NOMINEES PTY LIMITED	68,567,620	14.48
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	48,724,142	10.29
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	23,828,755	5.03
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	19,051,668	4.02
6	BNP PARIBAS NOMS PTY LTD <DRP>	15,116,634	3.19
7	NATIONAL NOMINEES LIMITED	12,916,576	2.73
8	MR COLIN PETROULAS	9,600,000	2.03
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,744,512	1.21
10	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	5,432,282	1.15
11	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,532,273	0.96
12	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	4,468,016	0.94
13	SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	4,300,000	0.91
14	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	2,704,703	0.57
15	TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	2,290,677	0.48
16	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,270,539	0.48
17	DEBORTOLI WINES PTY LIMITED	2,191,111	0.46
18	EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LTD <CLIENT A/C>	2,000,000	0.42
19	MR RICHARD FARLEIGH	2,000,000	0.42
20	UBS NOMINEES PTY LTD	1,799,863	0.38
	TOTAL	398,838,224	84.21

(B) DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Range	Total holders	Units	% Units
1-1,000	2,793	1,427,709	0.30
1,001-5,000	3,162	8,205,127	1.73
5,001-10,000	1,040	7,931,915	1.67
10,001-100,000	1,220	32,819,396	6.93
100,001 Over	117	423,238,583	89.36
TOTAL	8,332	473,622,730	100.00

(C) DISTRIBUTION OF PERFORMANCE RIGHTS EXPIRING 30 JUNE 2024

Range	Total holders	Units	% Units
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	8	378,346	31
100,001 Over	7	836,530	69
TOTAL	15	1,214,876	100

For personal use only

SHAREHOLDER INFORMATION

as at 12 September 2023

(D) DISTRIBUTION OF PERFORMANCE RIGHTS EXPIRING 1 OCTOBER 2025

Range (size of parcel)	Total holders	Units	% Units
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	8	528,702	20
100,001 Over	10	2,123,111	80
TOTAL	18	2,651,813	100

(E) NUMBER OF HOLDERS WITH LESS THAN A MARKETABLE PARCEL OF ORDINARY SHARES

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 1.7800 per unit	281	716	91,055

(F) SUBSTANTIAL SHAREHOLDERS

	Number of Shares	%	Date of Notice
L1 Capital Pty Ltd	53,099,838	11.21	28/08/2023
Ruffer LLP	38,245,650	8.08	22/03/2022

(G) VOTING RIGHTS

The voting rights for each class of security on issue are:

Ordinary Fully Paid Shares

- Each ordinary shareholder is entitled to one vote for each share held.

Unquoted Performance Rights

- The holders of performance rights have no rights to vote at a general meeting of the Company.

(H) UNQUOTED PERFORMANCE RIGHTS

ASX Code	Security Description	Number of Securities
WGXAF	Performance Rights Expiring 30 June 2024	1,214,876
WGXAG	Performance Rights Expiring 1 October 2025	2,651,813
TOTAL		3,866,689

For personal use only

CORPORATE DIRECTORY

DIRECTORS

Hon. Cheryl L Edwardes AM (Non-Executive Chair)
Wayne C Bramwell (Managing Director)
Fiona J Van Maanen (Non-Executive Director)
Gary R Davison (Non-Executive Director)
Julius L Matthys (Non-Executive Director)
David N Kelly (Non-Executive Director)

COMPANY SECRETARY

Susan Park (Company Secretary)

SENIOR EXECUTIVES

Su Hau Heng (Chief Financial Officer)
Phillip Wilding (Chief Operating Officer)

REGISTERED OFFICE

Level 6, 200 St Georges Terrace
Perth WA 6000

P: +61 8 9462 3400
E: reception@westgold.com.au

W: www.westgold.com.au

POSTAL ADDRESS

PO Box 7068
Cloisters Square WA 6850

SECURITIES EXCHANGE

Listed on the Australian Securities Exchange

ASX CODE: WGX

SHARE REGISTRY

Computershare Investors Services Pty Ltd

Level 17, 221 St Georges Terrace
Perth WA 6000

P: +61 3 9415 4000
F: +61 3 6473 2500

W: www.computershare.com

DOMICILE AND COUNTRY OF INCORPORATION

Australia

ABN

ABN 60 009 260 306

For personal use only

WESTGOLD RESOURCES LIMITED

ANNUAL REPORT 2022

For personal use only



WESTGOLD
RESOURCES LIMITED

A DYNAMIC, GROWTH ORIENTED AUSTRALIAN GOLD MINER

With over 1,000 staff and more than 1,300km² of tenure, Westgold is the dominant gold miner in the Murchison and Bryah regions of Western Australia.

www.westgold.com.au

CONTENTS

1	Our Purpose and Ambition
1	Values and Behaviours
2	Letter from the Chair
5	Financial Results
6	Our Annual Outputs
8	Our Operations
20	Directors' Report
30	Remuneration Report (Audited)
48	Auditor's Independence Declaration
49	Consolidated Statement of Comprehensive Income
50	Consolidated Statement of Financial Position
51	Consolidated Statement of Cash Flows
52	Consolidated Statement of Changes in Equity
53	Notes to the Consolidated Financial Statements
101	Directors' Declaration
102	Independent Auditor's Report
108	Shareholder Information
110	Corporate Directory

OUR PURPOSE AND AMBITION

Leverage our gold assets and expand our Western Australian footprint to:

- › create shareholder value,
- › provide opportunities for our team to grow and succeed, and
- › contribute to our wider communities.

VALUES AND BEHAVIOURS

Our values and behaviours guide how we work with each other, our communities, and external stakeholders. They influence our actions and decisions, hold us accountable and ultimately enable a culture that drives our success.



CHOOSE SAFETY

- › Think safety and act safely
- › Look out for each other
- › Protect our environment



SHOW RESPECT

- › Appreciate everyone for who they are and what they contribute
- › Enable everyone to do a great job
- › Grow strong teams and communities



DELIVER VALUE

- › Plan to succeed as a team
- › Execute with excellence
- › Rise to the challenge and keep on improving



A YEAR OF RECORDS

Dear Shareholders,

It is my pleasure to present the Westgold Resources Limited Annual Report for the financial year ended 30 June 2022 (FY22).

Having recently joined the Board with new Non Executive Director Mr Julius Matthys in March, we have quickly come to understand the opportunities and challenges that lie ahead for the Group.

This financial year has seen Westgold deliver its first full year production and cost guidance in a period where COVID-19 has continued to impact personnel mobility and availability. Achieving our production target of over 270,000 ounces of gold from our Western Australian assets at \$1,692/oz all-in sustaining costs (AISC) was a remarkable achievement considering significant increases in all key inputs to our business.

Diesel fuel price increased 106% over the financial year with material changes in other major consumables such as reagents, grinding balls, ground support, flights, haulage services and freight. No part of the value chain was immune to global inflationary pressures.



Despite the challenges faced, safe, consistent and predictable production remained our key objectives in FY22. With an expanded safety team, our safety performance began to positively improve. Our major mines began to perform consistently during FY22 with Bluebird, Starlight and Big Bell undergrounds all reaching steady state. Importantly Bluebird and Big Bell began to produce above design levels in the second half of FY22. With this growing momentum in production at our larger mines, the Group is becoming less reliant on our smaller underground operations and higher cost open pits. As planned, open pit operations ceased in the latter half of FY22 and the South Emu – Triton underground was put into care and maintenance in Q1 FY23, pending a revised mine plan that underpins suitable economic returns.

Our exploration efforts began to deliver results during the year with early success at the high-grade Sovereign target near Cue. This new discovery between the iconic Great Fingall and Golden Crown mines demonstrates new prospectivity and evidences the opportunity for organic growth from within Westgold's existing tenure.

Westgold advanced many environmental, social and governance (ESG) initiatives during the year. This included signing new electricity supply and LNG gas supply agreements that will see Westgold replace six diesel fired power stations with four new gas fired power stations commencing in FY23. These new agreements see the Group integrating renewable energy into our power infrastructure and this will deliver significant cost savings and emission reductions. The first new station will be commissioned in the second half of financial year 2022-2023 (H2, FY23).

Our operating results reflect another solid improvement with record production over the previous year but total cost increases, together with the non-cash impairment charges directly impacted Group profitability.

Westgold finishes FY22 with a strong balance sheet, \$183M in cash and cash equivalents and a refreshed Board and management team.

The Group starts FY23 in robust financial condition and with a clear objective.

Westgold will simplify the business and test all options to improve productivity and operational efficiencies and build on our balance sheet strength.

The reset of our operating model is well advanced with the key to delivering shareholder value being to mine 'profitable ounces' not just ounces. Industry wide cost inflation is forcing a granular cost assessment and Westgold has commenced this deep dive into opportunities that can reduce waste and improve the ability of the business to generate stronger cash flows.

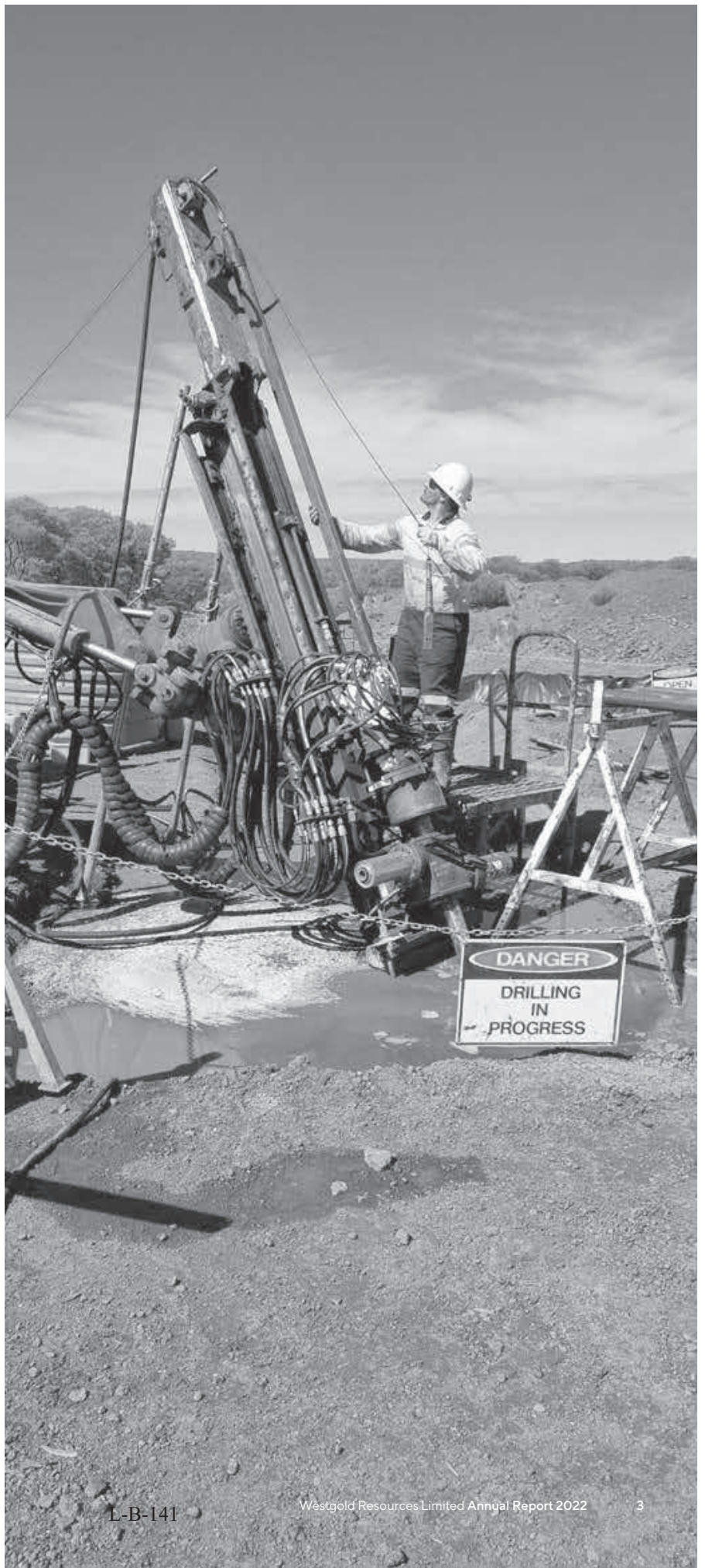
There are opportunities to leverage our operating footprint, scale and internal capability with the optimisation of these key factors critical to increasing the profitability and sustainability of the business.

The non-cash impairment, alongside a more disciplined approach to capital and operating expenditure, positions Westgold with the opportunity to deliver larger financial returns to our shareholders.

Our vision for Westgold 2.0 is to continue to evolve to become a safer, inclusive, socially responsible and highly profitable gold miner. Our workforce is innovative, committed and focussed and with the continued support of our shareholders, stakeholders, communities and staff we are confident that the business can deliver on our FY23 objectives.



Hon. Cheryl Edwardes AM
Non-Executive Chair



For personal use only



YEAR END 30 JUNE 2022

FINANCIAL RESULTS

Unless specifically noted, all dollar amounts disclosed in this report are Australian Dollars (A\$ or AUD)

GOLD SALES (OZ)

269,705

(FY21: 245,066) 


REVENUE

\$647.6m

(FY21: \$571.1m) 

NET CASH FROM OPERATIONS

\$179.9m

(FY21: \$249.1m) 

NET PROFIT/(LOSS) BEFORE TAX

(\$160.1m)

(FY21: \$112.0m) 

NET PROFIT/(LOSS) AFTER TAX

(\$111.1m)

(FY21: \$76.7m) 

CLOSING CASH & CASH EQUIVALENTS

\$182.7m

(FY21: \$150.6m) 

PROFIT PER SHARE

(25.32c)

(FY21: 18.16c) 

NET ASSETS

\$587.8m

(FY21: \$607.3m) 

AVERAGE HEDGE GOLD PRICE

A\$2,396/oz

(FY21: A\$2,133/oz) 

HEDGES OUNCES

148,000oz

(FY21: 156,000oz) 

OUR ANNUAL OUTPUTS



GOLD PRODUCTION

MURCHISON OPERATIONS

204,937oz

BRYAH OPERATIONS

65,947oz

GROUP

270,884oz



CASH COST (C1)

MURCHISON OPERATIONS

A\$1,487/oz

BRYAH OPERATIONS

A\$1,294/oz

GROUP

A\$1,438/oz



ALL IN SUSTAINING COSTS

MURCHISON OPERATIONS

A\$1,748/oz

BRYAH OPERATIONS

A\$1,525/oz

GROUP

A\$1,692/oz

For personal use only



For personal use only



OUR OPERATIONS

REVIEW OF OPERATIONS

Westgold Resources Limited (ASX: WGX) (Westgold or the Group) is a uniquely Western Australian gold mining business. With a workforce of over 1,000 people, we are the dominant gold miner in the Murchison and Bryah regions with over 1,300 km² of tenure.

Westgold is the owner-operator of all of its underground mines. This internal capability provides a level of operational flexibility that has insulated our business from the many labour impacts caused by COVID-19. Our operating model is 'hub and spoke' style whereby we have the optionality to process ore from our Meekatharra and Cue operations at either processing hub. In contrast the Bryah Basin operation is centred upon the Fortnum processing hub.

MURCHISON OPERATIONS

The Murchison operations incorporate two processing hubs near Cue and Meekatharra. Combined, these operations are forecast to produce ≈200,000 oz in financial year 2022-2023 (FY23).

MURCHISON GOLD PRODUCTION AND A\$ COSTS



CUE

Our Cue operation is located around the regional town of Cue and encompasses Westgold's southern-most group of Murchison assets including the historic mining centres of Big Bell, Cuddingwarra, Day Dawn, Tuckabianna and Pinnacles. This package includes two of Western Australia's most iconic past producers in the Big Bell mine (≈2.6 million ounces) and the Great Fingall mine (≈1.2 million ounces).

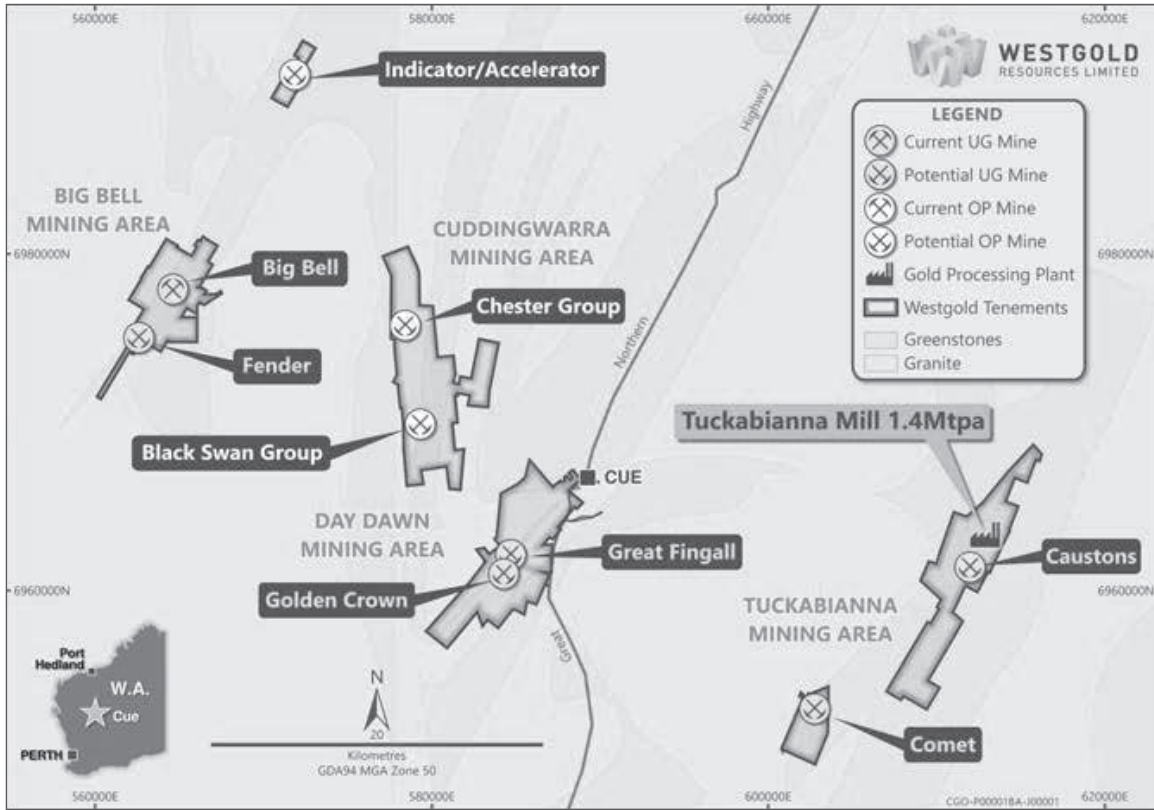
It incorporates the 1.2-1.4Mtpa Tuckabianna processing hub, a 148-person village at Big Bell, a 266-person village at Cue and associated mining infrastructure to support a large FIFO and DIDO mining operation.

In FY22, the Tuckabianna plant received underground ore from the large Big Bell underground and the smaller Comet underground mine as well ore from the Cuddingwarra open pits.

The Tuckabianna processing hub treated 1,345,015 tonnes of ore, at the upper range of the plants operating capacity and in line with expectations. The metallurgical recoveries rate for the ore blend was 88.6%.

While Big Bell was the primary producer of ore to the Tuckabianna mill, the Comet underground mine provided supplementary feed during the year.

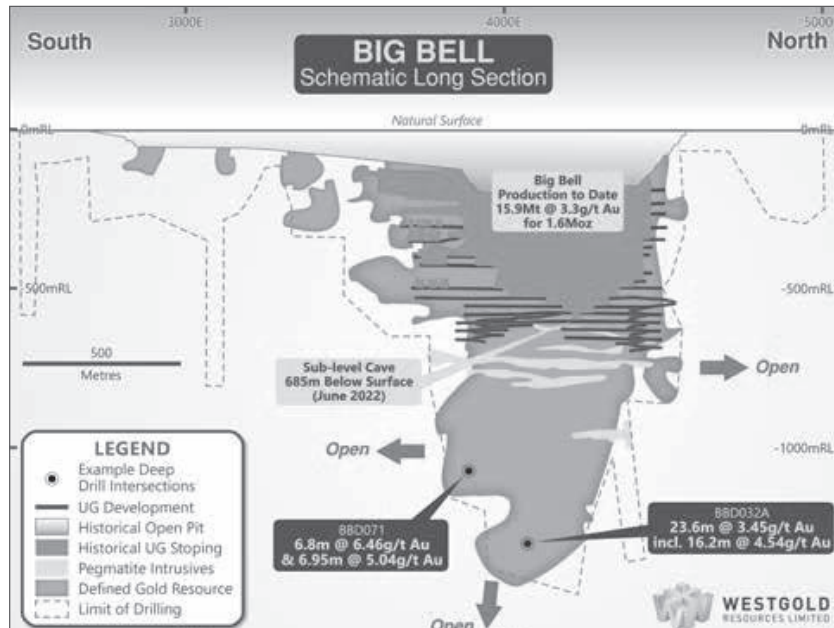
For personal use only



After four years of dewatering, mine rehabilitation, refurbishment and ramp up, the Big Bell mine achieved commercial production in April 2022 and production rates have been growing since.

Several open pits were mined around Cue in FY22. With large stockpiles accumulated, the open pit program ceased at the end of the financial year.

Exploration and viability studies were carried out during FY22 at the previously mined Fender open pit mine on the southern limits of the Big Bell shear to evaluate the economics of an underground operation. An exploration decline was commenced then paused due with the higher tonnages coming from Big Bell.



In addition to the mining operations, the Company is accelerating exploration activities across Cue with the primary focus being the Day Dawn and Tuckabianna mining centres. This work has been based on new geophysical datasets and geological re-interpretations in early FY22, leading to the discovery of the Sovereign target, between Great Fingall and Golden Crown.

Follow up drilling will occur in early FY23, along with definition drilling into Great Fingall at depth and testing of Caustons, right at the doorstep of the Tuckabianna plant.

OUR OPERATIONS

**REVIEW OF OPERATIONS
(CONTINUED)**

MEEKATHARRA

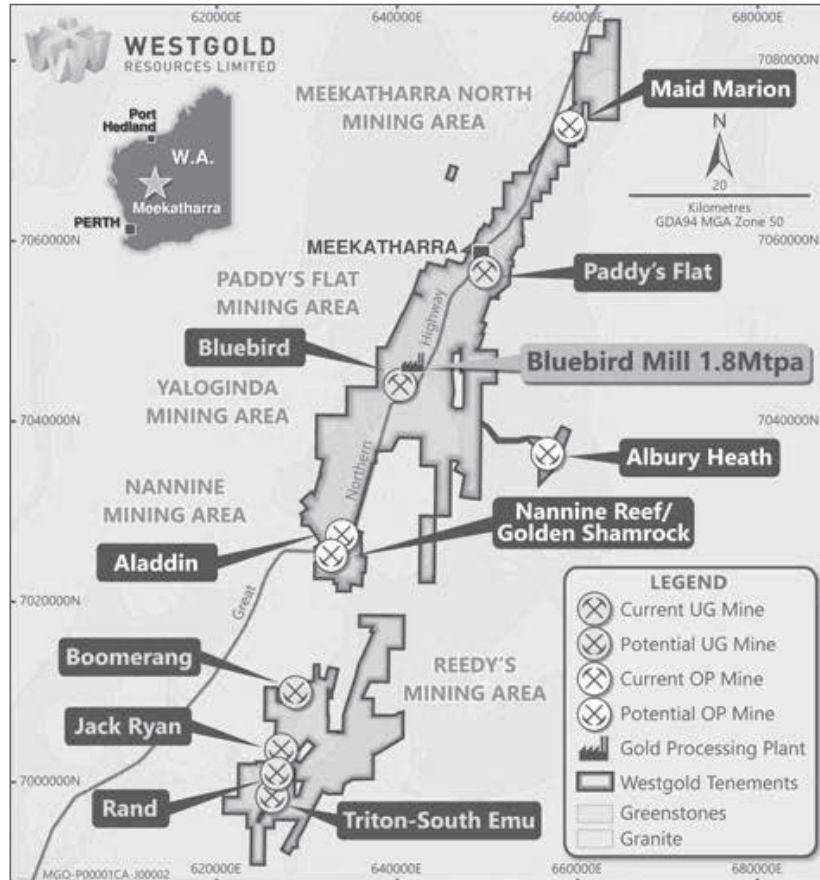
Our Meekatharra operation is located around the regional town of Meekatharra and encompasses Westgold’s central group of assets including the historic gold mining centres of Meekatharra North, Paddy’s Flat, Yaloginda, Nannine and Reedy’s.

Our Meekatharra assets include the 1.6-1.8Mtpa Bluebird processing hub, a 420-person village, and associated mining infrastructure required to support a large FIFO and DIDO mining operation. For FY22, the Bluebird plant received underground ore from the Paddy’s Flat, South Emu - Triton and Bluebird underground mines and supplementary low grade stockpiles.

The Bluebird underground mine has been expanding rapidly since recommencement of mining in mid FY22, with further extensions and opportunities being identified. Overall expansion plans are being developed to determine the true potential of this asset.

With the expansion of Bluebird underground, at the end of FY22 Westgold paused operations at South Emu - Triton in the Reedy’s area to reassess its economics.

The Bluebird processing plant processes both underground and open pit ore, performing strongly for the year treating more than 1,527,840 tonnes, slightly below the plant’s capacity of 1.6-1.8 million tonnes, with remedial works well underway to increase throughput. The metallurgical recoveries rate for the ore blend was 89.6%.



In-mine exploration at and around Meekatharra focused on the extension of the Paddy’s Flat, Bluebird and Reedy’s ore systems:

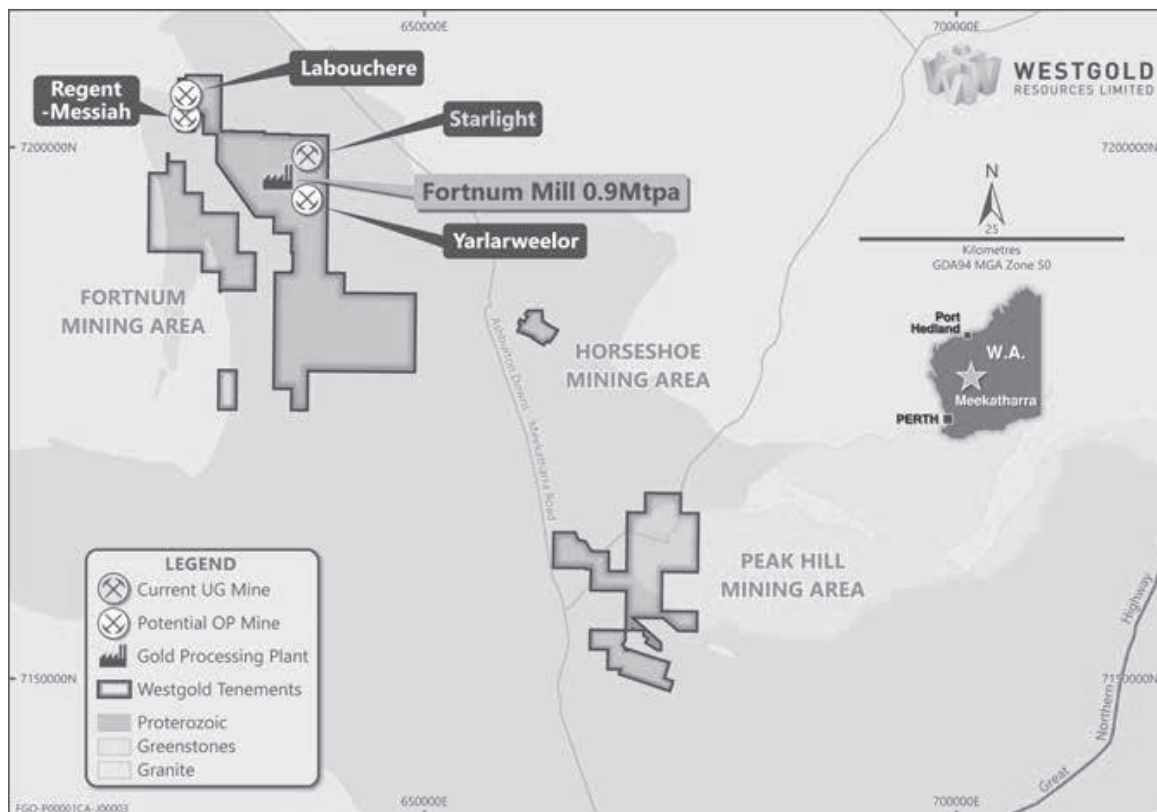
- At Paddy’s Flat the Prohibition lodes continued to return excellent drill results. These baseload results were complemented by numerous high-grade intersections in spur and channel lodes from the Consols lodes which were accessed for the first time in a material way during the year;
- Deep drilling under the Triton orebody remains in progress at years end. Initial results have underscored the potential of the Triton deposit at depth, with multiple high-grade lodes intersected;
- The footprint of the Bluebird deposit continued to be increased via drilling during the year. A number of strong results have expanded the Bluebird mine plan significantly, with the deposit remaining open to both the south and north.

For personal use only

BRYAH OPERATIONS

The Bryah operations are centred upon the Fortnum processing hub. This operation is forecast to produce ≈60,000 oz in FY23.

FORTNUM



The Fortnum operations are located in the Proterozoic age Bryah Basin stratigraphy approximately 150km northwest of Meekatharra and represents the northernmost group of Westgold assets. These assets encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill which collectively have delivered approximately 2 million ounces of reported gold production.

The processing hub incorporates the 0.8-0.9Mtpa Fortnum carbon-in-leach (CIL) processing plant, a 200-person village, airstrip and associated mining infrastructure required to support a remote FIFO operation. Mining output is currently dominated by the Starlight underground mine with supplementary, free on surface low-grade stocks providing a blended feedstock to the plant.

Fortnum continues to deliver strong results from the Starlight underground mine and additional mill feed sourced from large, existing low-grade surface stockpiles. This year saw strong production in the Starlight mine including the Moonlight, Twilight North, Galaxy and Trev's lodes.

For personal use only

OUR OPERATIONS

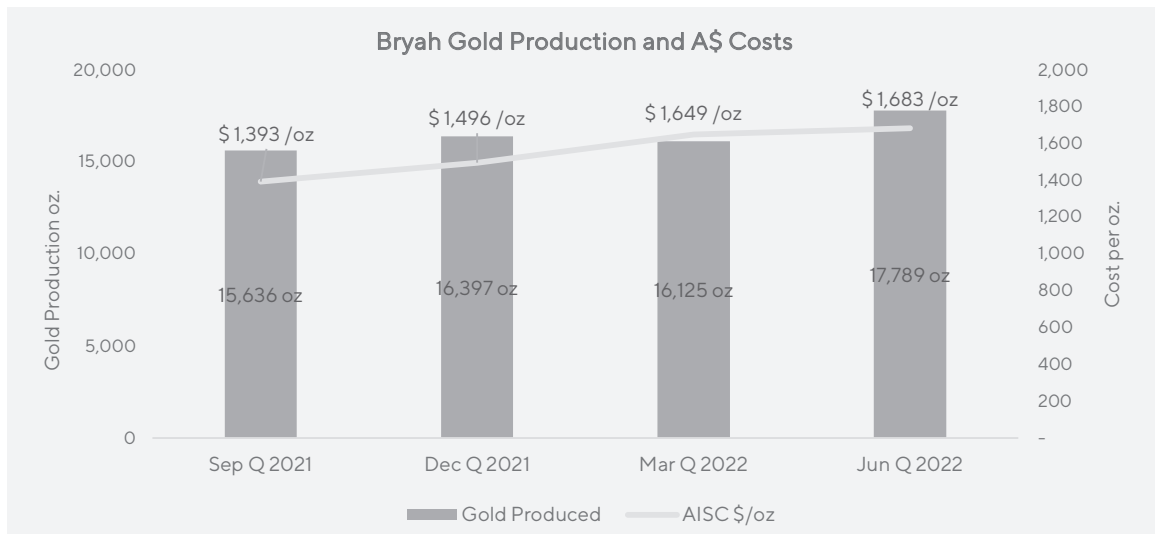
REVIEW OF OPERATIONS (CONTINUED)

The processing plant performed well given the hard ore and limited grind capacity, achieving more than 825,070 tonnes for the year with metallurgical recoveries at 95.5%. A new pebble crusher has been ordered for installation mid FY23 which will help manage the hard ores and increase throughput.

A major extensional drilling program was being planned at years end at the Starlight mine, with the view to testing the mineralised footprint of the Starlight lodges over a multi-year mining horizon. This work program will utilise additional resources over and above the two drilling rigs and support staff currently on site at Starlight, and as such will allow the day-to-day resource definition and grade control activities of the mine to continue unabated whilst the expansion potential of Starlight is defined.

In addition, Westgold continues to evaluate potential open pit opportunities to supplement underground ore sources across the Bryah tenure. Not only will this work increase ore optionality and mine life across this under explored tenement package, it may provide the catalyst for process plant expansion works at scale.

BRYAH GOLD PRODUCTION AND A\$ COSTS



For personal use only

For personal use only



OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES

Westgold released its annual update of Mineral Resource and Ore Reserve Estimates on the ASX on 23 September 2022. Shareholders should refer to that announcement for full detail including JORC 2012 appendices. The tables below summarise them by operational area.

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Measured			
Murchison	8,942	3.13	901
Bryah	2,137	2.86	197
Sub-Total	11,078	3.08	1,097
Indicated			
Murchison	45,722	2.21	3,249
Bryah	14,042	1.85	836
Sub-Total	59,764	2.13	4,085
Inferred			
Murchison	34,916	2.19	2,458
Bryah	4,473	2.08	300
Sub-Total	39,389	2.18	2,758
Total			
Murchison	89,579	2.29	6,608
Bryah	20,651	2.01	1,332
Grand Total	110,231	2.24	7,940

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Proven			
Murchison	5,867	2.72	513
Bryah	1,166	1.81	68
Sub-Total	7,033	2.57	581
Probable			
Murchison	14,542	2.73	1,278
Bryah	4,347	1.84	258
Sub-Total	18,889	2.53	1,536
Total			
Murchison	20,410	2.73	1,791
Bryah	5,512	1.84	325
Grand Total	25,922	2.54	2,116

Glossary:

Murchison incorporates the Meekatharra and Cue business units.

Bryah incorporates the Fortnum business unit.

The Mineral Resources by mining project are tabulated below:

MURCHISON OPERATIONS

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	5,249	3.27	552	9,860	2.61	828	4,976	2.64	422	20,085	2.79	1,802
Cuddingwarra	118	2.09	8	1,708	1.82	100	994	1.57	50	2,820	1.74	158
Day Dawn	58	1.73	3	3,501	4.42	497	3,089	2.57	256	6,648	3.54	756
Tuckabianna	295	4.09	39	3,781	2.66	323	6,765	2.32	505	10,842	2.49	867
Tuckabianna Stockpiles	567	1.32	24	3,792	0.70	86	0	0.00	0	4,358	0.78	110
Meekatharra North	0	0.00	0	97	1.98	6	75	2.11	5	172	2.04	11
Nannine	68	2.55	6	1,293	2.17	90	534	2.15	37	1,895	2.18	132
Paddy's Flat	906	4.29	125	10,618	1.74	595	2,490	1.90	152	14,013	1.93	871
Reedy's	481	3.82	59	3,062	2.56	252	8,883	2.44	698	12,426	2.53	1,009
Yaloginda	552	3.33	59	8,010	1.83	473	7,110	1.46	334	15,672	1.72	865
Bluebird Stockpiles	648	1.25	26	0	0.00	0	0	0.00	0	648	1.25	26
Total	8,942	3.13	901	45,722	2.21	3,249	34,916	2.19	2,458	89,579	2.29	6,608

BRYAH OPERATIONS

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Measured			Indicated			Inferred			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	1,316	4.05	171	4,764	2.38	364	2,436	2.37	186	8,515	2.64	721
Horseshoe	0	0.00	0	1,266	2.09	85	183	1.43	8	1,449	2.01	93
Peak Hill	0	0.00	0	7,547	1.55	376	1,838	1.78	105	9,385	1.60	481
Stockpiles	821	0.96	25	464	0.70	10	16	0.54	0	1,302	0.86	36
Total	2,137	2.86	197	14,042	1.85	836	4,473	2.08	300	20,651	2.01	1,332

For personal use only

OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

The Mineral Resources by mining project are tabulated below:

MURCHISON OPERATIONS

MINERAL RESOURCE STATEMENT COMPARISON

Project	2021			2022			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	21,043	2.76	1,868	20,085	2.79	1,802	-958	0	-66
Cuddingwarra	3,015	1.76	171	2,820	1.74	158	-195	0	-13
Day Dawn	6,648	3.54	756	6,648	3.54	756	0	0	0
Tuckabianna	9,414	2.52	762	10,842	2.49	867	1,428	0	104
Tuckabianna Stockpiles	3,833	0.75	92	4,358	0.78	110	525	0	17
Meekatharra North	322	1.70	18	172	2.04	11	-150	0	-6
Nannine	1,855	2.19	130	1,895	2.18	132	40	0	2
Paddy's Flat	14,408	1.99	921	14,013	1.93	871	-395	0	-49
Reedy's	12,375	2.51	1,000	12,426	2.53	1,009	51	0	9
Yaloginda	15,637	1.67	840	15,672	1.72	865	35	0	25
Bluebird Stockpiles	814	1.19	31	648	1.25	26	-166	0	-5
Total	89,363	2.29	6,589	89,579	2.29	6,608	216	2.66	19

BRYAH OPERATIONS

MINERAL RESOURCE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	2021			2022			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	9,857	2.37	750	8,515	2.64	721	-1,342	0	-29
Horseshoe	1,449	2.01	93	1,449	2.01	93	0	0	0
Peak Hill	9,385	1.60	481	9,385	1.60	481	0	0	0
Stockpiles	1,194	0.85	32	1,302	0.86	36	108	0	3
Total	21,886	1.92	1,357	20,651	2.01	1,332	-1,234	0.64	-25

For personal use only

The Ore Reserves by mining project are tabulated below:

MURCHISON OPERATIONS

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Proven			Probable			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	4,170	2.94	394	4,641	3.08	460	8,811	3.01	854
Cuddingwarra	0	0.00	0	710	1.75	40	710	1.75	40
Day Dawn	0	0.00	0	1,289	6.92	287	1,289	6.92	287
Tuckabianna	42	4.09	5	1,034	2.48	82	1,075	2.54	88
Tuckabianna Stockpiles	567	1.32	24	3,758	0.70	85	4,324	0.79	109
Meekatharra North	0	0.00	0	0	0.00	0	0	0.00	0
Nannine	0	0.00	0	718	1.82	42	718	1.82	42
Paddy's Flat	230	4.84	36	659	4.21	89	889	4.37	125
Reedy's	55	4.40	8	888	3.27	93	943	3.34	101
Yaloginda	155	3.97	20	845	3.65	99	1,000	3.70	119
Bluebird Stockpiles	648	1.25	26	0	0.00	0	648	1.25	26
Total	5,867	2.72	513	14,542	2.73	1,278	20,410	2.73	1,791

BRYAH OPERATIONS

ORE RESERVE STATEMENT - ROUNDED FOR REPORTING 30 JUNE 2022

Project	Proven			Probable			Total		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	344	3.83	42	2,541	1.97	161	2,886	2.19	204
Horseshoe	0	0.00	0	761	1.84	45	761	1.84	45
Peak Hill	0	0.00	0	581	2.21	41	581	2.21	41
Stockpiles	821	0.96	25	464	0.70	10	1,285	0.86	36
Total	1,166	1.81	68	4,347	1.84	258	5,512	1.84	325

For personal use only

OUR OPERATIONS

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

The movement in Ore Reserves over the past year are tabulated below:

MURCHISON OPERATIONS

ORE RESERVE STATEMENT COMPARISON

Project	2021			2022			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Big Bell	9,879	2.79	887	8,811	3.01	854	-1,069	0	-34
Cuddingwarra	1,074	1.71	59	710	1.75	40	-364	0	-19
Day Dawn	1,398	6.55	294	1,289	6.92	287	-108	0	-7
Tuckabianna	889	2.39	68	1,075	2.54	88	186	0	20
Tuckabianna Stockpiles	3,823	0.75	92	4,324	0.79	109	501	0	17
Meekatharra North	169	1.12	6	0	0.00	0	-169	-1	-6
Nannine	1,074	1.49	51	718	1.82	42	-356	0	-9
Paddy's Flat	1,090	3.64	128	889	4.37	125	-201	1	-3
Reedy's	922	3.17	94	943	3.34	101	22	0	7
Yaloginda	1,065	3.15	108	1,000	3.70	119	-65	1	11
Bluebird Stockpiles	814	1.19	31	648	1.25	26	-166	0	-5
Total	22,198	2.55	1,819	20,410	2.73	1,791	-1,788	0.48	-28

BRYAH OPERATIONS

ORE RESERVE STATEMENT COMPARISON

Project	2021			2022			Change		
	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)	Tonnes ('000s)	Grade (g/t)	Ounces Au ('000s)
Fortnum	3,572	2.02	232	2,886	2.19	204	-686	0	-28
Horseshoe	761	1.84	45	761	1.84	45	0	0	0
Peak Hill	1,122	1.95	70	581	2.21	41	-542	0	-29
Stockpiles	1,178	0.85	32	1,285	0.86	36	108	0	3
Total	6,633	1.78	379	5,512	1.84	325	-1,120	1.50	-54

For personal use only

COMPLIANCE AND FORWARD-LOOKING STATEMENTS

EXPLORATION TARGETS, EXPLORATION RESULTS AND MINERAL RESOURCES

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources is compiled by Westgold technical employees and contractors under the supervision of Mr Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a full-time employee to the company and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell is eligible to participate in short- and long-term incentive plans of the company.

ORE RESERVES

The information in this report that relates to Ore Reserve Estimates is based on information compiled by Mr Leigh Devlin, B.Eng MAusIMM. Mr Devlin has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which 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 Resources and Ore Reserves. Mr Devlin consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Devlin is a full-time senior executive of the Company and is eligible to and may participate in short-term and long-term incentive plans of the Company as disclosed in its annual reports and disclosure documents.

FORWARD LOOKING STATEMENTS

Certain statements in this report relate to the future, including forward looking statements relating to Westgold's financial position and strategy. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Westgold to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. Other than required by law, neither Westgold, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur.

You are cautioned not to place undue reliance on those statements.

For personal use only

DIRECTORS' REPORT

for the year ended 30 June 2022

The Directors submit their report together with the financial report of Westgold Resources Limited (Westgold or the Company) and of the Consolidated Entity, being the Company and its controlled entities (the Group), for the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Hon. Cheryl L Edwardes AM - Non-Executive Chair
(Appointed 28 March 2022)

Ms Edwardes is a highly credentialed and experienced company director and Chair. A solicitor by profession and former Minister in the Court Government, Ms Edwardes has extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage, and land access.

During her political career, Ms Edwardes held positions including WA Attorney General, Minister for the Environment and Minister for Labour Relations.

During the past three years, she has also served as a director of the following public listed companies:

- Flinders Mines Limited (Appointed 17 June 2019)
- Nuheara Limited (Appointed 2 January 2020)
- Vimy Resources Limited (Appointed 26 May 2014, Resigned 4 August 2022)

Wayne C Bramwell - Managing Director
(Appointed Non-Executive Director 3 February 2020)

Mr Bramwell is a metallurgist and mineral economist, experienced director and mining executive with extensive project and corporate development, executive management and governance expertise in precious and base metal companies spanning nearly three decades. He holds a Bachelor of Science in Extractive Metallurgy, a Graduate Diploma in Business, a Master of Science in Mineral Economics and is a graduate of the Australian Institute of Company Directors (GAICD).

During the past three years, he has served as a director of the following public listed companies:

- CZR Resources Limited (Appointed 3 November 2020, Resigned 19 February 2021)
- Azure Minerals Limited (Appointed 14 October 2020, Resigned 19 February 2021)
- Ardea Resources Limited (Appointed 29 January 2018, Resigned 3 July 2020)
- Vimy Resources Limited (Appointed 18 October 2021, Resigned 4 August 2022)
- Deep Yellow Limited (Appointed 4 August 2022)

Fiona J Van Maanen - Non-Executive Director
(Appointed 6 October 2016)

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) and a Graduate Diploma in Company Secretarial Practice. Mrs Van Maanen has significant experience in corporate governance, financial management and accounting in the mining and resources industry. Mrs Van Maanen serves on the Company's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, she has served as a director of the following public listed company:

- Pantoro Limited (Appointed 4 August 2020)

Gary R Davison - Non-Executive Director
(Appointed 1 June 2021)

Mr Davison, FAusIMM (CP), is a highly regarded mining engineer with over 40 years of worldwide mining experience. Gary holds a Diploma in Engineering (Mining) and a Masters in Mineral and Energy Economics. He is also the Managing Director of Australia's premier mining consultancy Mining One Pty Ltd. Mr Davison serves on the Company's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, he has served as a director of the following public listed company:

- Nagambie Resources Ltd (Appointed 15 May 2019)

Julius L Matthys - Non-Executive Director
(Appointed 28 March 2022)

Mr Matthys has substantial corporate experience having spent 36 years in the resources sector. He has senior executive roles in large corporate entities including President of Worsley Alumina JV, Marketing Director at BHP Iron Ore, Alumina and Aluminium. Mr Matthys was previously Chair of gold producer Doray Minerals Limited, managing its merger with Silver Lake Resources. He currently serves as a Non-Executive Director of Quintis.

Mr Matthys held no public company directorships in the past three years.

Peter Cook - Non-Executive Chair
(Appointed 19 March 2007, Resigned 28 March 2022)

Mr Cook is a geologist and mineral economist and holds a Bachelor of Science (Applied Geology), Master of Science in Mineral Economics and a MAusIMM. Mr Cook has over 35 years of experience in the fields of exploration, project, operational and corporate management of mining companies.

During the past three years, he has also served as a director of the following public listed companies:

- Castile Resources Limited (Appointed 7 June 2011)
- Titan Minerals Limited (Appointed 30 August 2021)
- Breaker Resources NL (Appointed 6 September 2021)

Peter Schwann - Non-Executive Director

(Appointed 2 February 2017, Resigned 26 July 2022)

Mr Schwann (Assoc. in Applied Geology, FAIG, MSEG) is a highly experienced, internationally recognised geologist and mining executive. Mr Schwann has broad experience across multiple commodities with extensive geological capability as well as significant operational management. Mr Schwann served on the Company's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

During the past three years, he has served as a director of the following public listed company:

- Aruma Resources Limited (Appointed 10 February 2010)

COMPANY SECRETARY

Lisa Smith (Appointed 20 December 2019)

Ms Smith holds a Bachelor of Laws and a Bachelor of Commerce and brings over 17 years legal experience across a broad range of practice areas including commercial and corporate, regulation and compliance as well as experience with secretarial duties. Ms Smith has previously acted as principal lawyer for a private resources industry services firm and has substantial policy and advocacy experience.

Susan Park (Appointed 5 April 2022)

Ms Park is a governance professional with over 25 years' experience in the corporate finance industry and extensive experience in Company Secretary and Non-Executive Director roles in ASX, AIM and TSX listed companies. Ms Park holds a Bachelor of Commerce from the University of Western Australia, is a Member of the Institute of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She is currently Company Secretary of several ASX listed companies.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Director	Fully Paid Ordinary Shares	Options/Rights
Hon. CL Edwardes AM ¹	6,122	-
WC Bramwell	50,000	202,435
FJ Van Maanen	435,521	-
GR Davison	-	-
JL Matthys ¹	112,658	-
PG Cook ²	8,915,579	-
PB Schwann ³	-	-
Total	9,519,880	202,435

1. Appointed on 28 March 2022.

2. Resigned on 28 March 2022 (balances provided as at his resignation date).

3. Resigned on 26 July 2022 (balances provided as at his resignation date).

PRINCIPAL ACTIVITIES

The principal activities during the year of the Group were the exploration, development and operation of gold mines, primarily in Western Australia.

EMPLOYEES

The Group had 1,077 employees at 30 June 2022 (2021: 1,051).

DIRECTORS' REPORT

for the year ended 30 June 2022

CORPORATE OVERVIEW

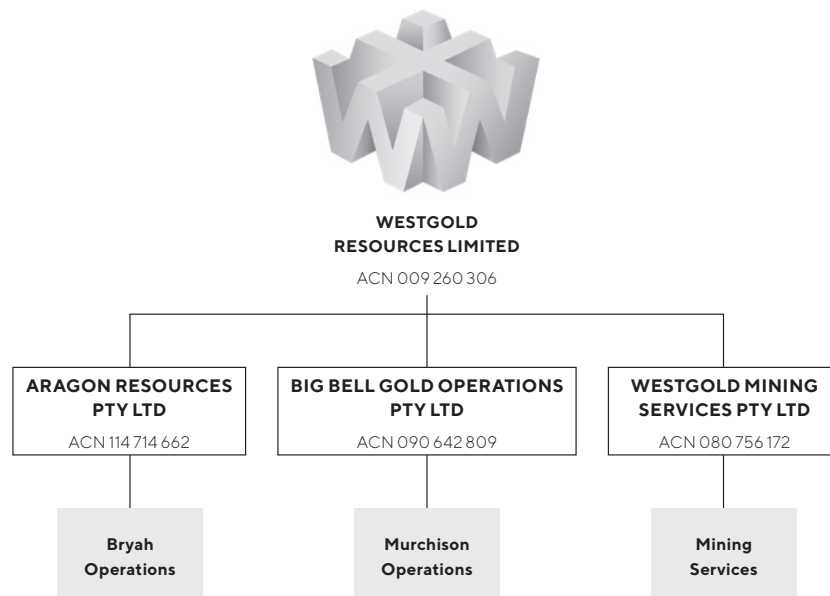
Westgold is an explorer and gold producer with a large and strategic land package in the Murchison and Bryah regions of Western Australia. After listing on the ASX in December 2016 the company has consolidated over 1,300 km² of mining titles that encompass the Fortnum operations (the Bryah region in the north), the Meekatharra operations (in the centre of our tenure) and the Cue operations (in the south), of our Murchison portfolio.

The gold endowment of the region is extensive with the Murchison being one of the largest historic goldfields in Western Australia. To date the Murchison has produced more than 10 million ounces of gold with Westgold reporting a total Mineral Resource of 7.9 million ounces with 2.2 million ounces of gold in Ore Reserves (refer ASX announcement 29 September 2021).

During FY22 Westgold operated six underground mines, several open pits and three processing plants (currently with an installed processing capacity of ≈4 Mtpa) and continued to build its production profile since listing with gold output totalled 270,884 ounces from its Bryah and Murchison operations in FY22.

CORPORATE STRUCTURE

Westgold's corporate structure is depicted below.



OPERATING AND FINANCIAL REVIEW

IMPACT OF COVID-19

Westgold did not apply for or receive any COVID-19 funding support from the Federal or State governments during FY22.

Westgold utilises a predominantly fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) workforce to operate its Western Australian gold assets. Ongoing state and regional border closures in early FY22, followed by the opening of the Western Australian border in late FY22, continued to disrupt labour availability during the year.

The direct financial impact of COVID-19 is difficult to estimate but it is clear that the disruptive nature on labour availability across the world has materially impacted energy, consumables and reagent supply across the mining sector.

Westgold continues to closely monitor the health advice across Australia and work cooperatively with government departments and other stakeholders and has proactively worked to mitigate impacts of COVID-19.

For personal use only

OPERATING RESULTS

The Group's full year gold production was a record of 270,884 ounces compared to the previous year (245,411 ounces). Overall, the results reflect the continued maturity and growth of the core assets following the rationalisation on non-core assets and focus on the expansion of the Group's activities in the Murchison Region.

These actions over the year are reflected in the following key measures:

- Consolidated revenue increased by 13% to \$647,576,618 (2021: \$571,170,198);
- Consolidated total cost of sales increased by 36% to \$620,300,818 (2021: \$455,456,036);
- Profit before income tax and non-cash impairment decreased by 86% to \$15,448,892 (2021: \$111,893,067);
- Non-cash impairment charge of \$175,535,410 (2021: \$Nil) is a result of the cost pressures, the Big Bell mine carrying value being significantly greater than the initial expected project development costs, the South Emu Triton and Starlight underground mines not producing the required economic returns coupled with the cessation of open pit mining; and
- Profit after income tax and non-cash impairment decreased by 245% to a loss of \$111,119,291 (2021: profit \$76,751,880).

REVIEW OF FINANCIAL CONDITION

The Consolidated Statement of Cash Flows reflects a closing cash and cash equivalents of \$182,701,502 (2021: \$150,684,029).

Operating Activities

Group cash flow generated by operating activities decreased on that of the previous year with a total inflow of \$179,855,454 (2021: \$249,141,949).

Investing Activities

Cash flows used in investing activities across the Group increased on that of the previous year with a total outflow of \$201,009,289 (2021: \$213,805,325).

Cash flow applied to investing activities in the current year relate to key growth capital at the Big Bell underground mine (CGO) and the Bluebird and South Emu underground mines (MGO). Other capital investment was sustaining capital in all of the operating underground mines to maintain developed tonnes and production output at similar levels.

Total capital investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the current year was \$239,019,046 (2021: \$266,190,255), broken into key operations as follows:

- Murchison \$201,562,547 (2021: \$228,372,804);
- Bryah \$37,456,499 (2021: \$37,817,451); and

Capital commitments of \$17,715,233 (2021: \$19,360,999) existed at the reporting date, principally relating to the purchase of plant and equipment.

Exploration activities continued at all operations during the year with \$18,190,290 (2021: \$14,249,778) expended.

A review of accumulated land titles was completed resulting in a write-off of \$110,165 (2021: \$86,058) of carrying values.

Financing Activities

Net cash flows from financing activities amounted to \$53,171,308 (2021: Outflow of \$22,217,509).

- The Group received \$100,800,000 from the placement of 48,000,000 ordinary shares at \$2.10 (2021: nil);
- The Group's interest-bearing loans and borrowings decreased to \$42,959,811 (2021: \$45,075,838) with marginal additions to the mobile mining fleet with the expanded growth activities.

DIRECTORS' REPORT

for the year ended 30 June 2022

SHARE ISSUES DURING THE YEAR

The following share issues have been undertaken during the year:

Date	Number of shares	Purpose
2 July 2021	205,768	Issued on conversion of options
15 October 2021	1,365,192	Issued on dividend reinvestment plan
18 March 2022	48,000,000	Placement to supplement working capital
30 June 2022	126,564	Issued on conversion of options
Total	49,697,524	

DIVIDENDS

No dividend will be paid to members in respect of the year ended 30 June 2022.

Westgold's key financial objective is to deliver superior shareholder value. One mechanism is by a potential return of capital to our shareholders in the form of a reasonable dividend. Premised upon this the Board has set the dividend policy as a maximum annual dividend of 30% of net profit after tax (NPAT), with the policy reviewed annually. Any payment is at the full discretion of the Board and will be considered in light of market conditions, balance sheet strength and Company growth plans.

The Board did not declare a dividend for the 2022 reporting year. The decision was made in order for Westgold to maintain its balance sheet strength during a period of increasing operational costs, and to support the Company's growth strategy.

This position will be reviewed by the Board next reporting period.

REVIEW OF OPERATIONS

Westgold remains the dominant explorer, developer, operator and gold mining company in the Central Murchison region. The Company has ≈ 350 mining titles covering 1,300 km² across this highly prospective region and operates seven underground mines, several open pits and three processing plants (currently with an installed processing capacity of ≈4 Mtpa).

Westgold is unique in that it is an owner-operator of all its underground and open pit mines and as such this vertical integration provides greater cost control and operating flexibility across the Company's assets.

The Group's production profile continued to grow and in FY2022 Westgold delivered a record 270,884 ounces from its Bryah and Murchison operations with the Company continuing to grow the Exploration and Growth unit to define, explore and develop the next suite of mineral assets within the Westgold landholding.

Bryah Operations

The Bryah Operations are centred upon the Fortnum Gold Operation (FGO). FGO is located within the Proterozoic age Bryah Basin stratigraphy approximately 150 km northwest of Meekatharra and represents the northernmost group of Westgold assets. These assets encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill which collectively has delivered approximately 2 million ounces of reported gold production.

The FGO processing hub incorporates the 0.9 Mtpa Fortnum carbon-in-leach (CIL) processing plant, a 200-person village, airstrip and associated mining infrastructure required to support a remote FIFO operation. Mining output is currently dominated by the Starlight underground mine with supplementary, free on surface low grade stocks providing a blended feedstock to the plant.

Gold output for the year was 65,947 ounces at a C1 Cash Cost of \$1,294 per ounce and an all-in sustaining cost (AISC) of \$1,525 per ounce as disclosed in the table on page 26.

For personal use only

The increase in the gold output and associated increase in the gold price resulted in an increase in revenue to \$158,218,086 (2021: \$140,661,201). Segment profits decreased to \$17,702,894 (2021: \$42,842,540).

In addition to current Mineral Resources and Ore Reserves, FGO has a number of exploration targets which should underwrite sustainable gold production at the operations beyond existing targets, including:

- extensions to the Starlight underground mine;
- open pit mining from the historic Yarlalweelor, Nathans and Labouchere mines;
- the Regent and Messiah deposits; and
- new targets within the proximate Peak Hill tenements.

This procession of potential open pit mines can replace the low-grade feedstock and extend the current mine life expectation to in excess of seven years.

Murchison Operations

The Murchison Operations is located around the regional towns of Meekatharra and Cue in the mid-west region of Western Australia.

Gold output increased and revenue improved to \$489,358,532 (2021: \$430,439,928). Segment profits decreased to \$9,462,740 (2021: \$72,773,776).

Gold output from the operation for the year was 204,937 ounces at a C1 Cash Cost of \$1,487 per ounce and an AISC of \$1,748 per ounce as disclosed in the table on page 26.

Meekatharra Gold Operations (MGO)

MGO is located around the regional town of Meekatharra and encompasses Westgold's central group of assets including the historic gold mining centres of Meekatharra North, Paddy's Flat, Yaloginda, Nannine and Reedy's.

The MGO processing hub incorporates the 1.6-1.8 Mtpa Bluebird processing plant, a 420-person village, and associated mining infrastructure required to support a large FIFO and DIDO mining operation. The Bluebird plant receives underground ore from the Paddy's Flat, South Emu - Triton and Bluebird underground mines and supplementary lower grade open pit ore from Five Mile Well, Maid Marion, Albury Heath and Aladdin open pits.

In addition to current mineral resources and reserves MGO has a number of exploration targets which should underwrite sustainable gold production at the operations beyond existing targets, including:

- Extensions to the Bluebird and Paddy's Flat Mines;
- Triton Deeps, Boomerang, Rand and Rand North in the Reedy Mining Area; and
- New targets across the central package where drilling under 100m in depth is sparse.

Cue Gold Operations (CGO)

CGO is located around the regional town of Cue and encompasses Westgold's southern-most group of Murchison assets including the historic mining centres of Big Bell, Cuddingwarra, Day Dawn, Tuckabianna and Pinnacles. This package includes two of Western Australia's most prolific past producers in the Big Bell mine (2.6 million ounces) and the Great Fingall mine (1.2 million ounces).

The CGO processing hub pivots on the 1.2-1.4 Mtpa Tuckabianna processing plant, a 148-person village at Big Bell, a 266-person village at Cue and associated mining infrastructure to support a large FIFO and DIDO mining operation.

The Tuckabianna plant receives underground ore from the large Big Bell underground and the smaller Comet underground mines. After four years of de-watering, mine rehabilitation and refurbishment, Big Bell mine production continued to rise in FY2022 with steady state operations announced in April 2022.

Gold output was focused on minor short-term open pit mines to build capacity, whilst the major Big Bell mine rehabilitation and development works were completed.

DIRECTORS' REPORT

for the year ended 30 June 2022

In addition to current Mineral Resources and Ore Reserves, CGO has a number of exploration targets which should underwrite sustainable gold production at the operations beyond existing targets, including:

- The Great Fingall – Day Dawn area – which has hosted the significant past producers of Great Fingall and Golden Crown (historic head grades of 19.5g/t and 14g/t respectively);
- Caustons – on the Tuckabianna trend, close to the mill and high potential for underground mining;
- Fender Mine – a shallow underground target identified beneath Westgold's Fender open pit;
- Additional shallow targets on the Big Bell line of lode beneath the 700, 1600 and the Shocker pits; and
- Open pit targets within the Cuddingwarra Mining centre.

Mining Services Division

Westgold is unique in the WA mining sector in that it is predominantly an owner-operator of its mines, with the underground mining services division operating through a 100% owned subsidiary.

Westgold Operating Performance by Operation

Year Ended 30 June 2022		MURCHISON	BRYAH	GROUP
Physical Summary	Units			
UG Ore Mined	t	2,433,591	705,868	3,139,459
UG Grade Mined	g/t	2.7	2.9	2.8
OP Ore Mined	t	669,454	-	669,454
OP Grade Mined	g/t	1.6	-	1.6
Ore Processed	t	2,872,855	825,070	3,697,925
Head Grade	g/t	2.5	2.6	2.5
Recovery	%	89	95	90
Gold Produced	oz	204,937	65,947	270,884
Gold Sold	oz	203,986	65,719	269,705
Achieved Gold Price	\$/oz	2,399	2,408	2,401
Cost Summary				
Mining	\$/oz	1,158	822	1,076
Processing	\$/oz	406	370	397
Admin	\$/oz	88	76	84
Stockpile Adjustments	\$/oz	(165)	26	(119)
C1 Cash Cost (produced)¹	\$/oz	1,487	1,294	1,438
Royalties	\$/oz	95	62	87
Corporate Costs	\$/oz	20	36	24
Sustaining Capital	\$/oz	146	133	143
All-in Sustaining Costs²	\$/oz	1,748	1,525	1,692

For personal use only

Year Ended 30 June 2021		MURCHISON	BRYAH	GROUP
Physical Summary	Units			
UG Ore Mined	t	1,838,171	703,508	2,541,679
UG Grade Mined	g/t	2.76	2.71	2.75
OP Ore Mined	t	641,962	-	641,962
OP Grade Mined	g/t	1.64	-	1.65
Ore Processed	t	2,945,619	822,326	3,767,945
Head Grade	g/t	2.26	2.40	2.29
Recovery	%	86.49	95.21	88.40
Gold Produced	oz	185,146	60,265	245,411
Gold Sold	oz	185,055	60,011	245,066
Achieved Gold Price	\$/oz	2,326	2,344	2,330
Cost Summary				
Mining	\$/oz	791	647	755
Processing	\$/oz	376	347	369
Admin	\$/oz	74	71	73
Stockpile Adjustments	\$/oz	(34)	(56)	(39)
C1 Cash Cost (produced)¹	\$/oz	1,207	1,009	1,158
Royalties	\$/oz	96	68	89
Corporate Costs	\$/oz	12	22	14
Sustaining Capital	\$/oz	132	205	150
All-in Sustaining Costs²	\$/oz	1,447	1,304	1,411

1. C1 Cash Cost (C1): represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.
2. All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.

C1 and AISC are non-IFRS measures and have not been audited.

CORPORATE

Gold Forward Contracts

At the end of the financial year, the Group had unrecognised sales contracts for 148,000 ounces at an average price of \$2,396 per ounce ending in July 2023, which the Group will deliver physical gold to settle (refer to Note 5).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity decreased to \$587,767,457 (2021: \$607,360,307). This included the issue of 48,000,000 ordinary shares equating to cash proceeds of \$100,800,000 and an impairment write down of \$175,535,410.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no other significant events after the balance date.

DIRECTORS' REPORT

for the year ended 30 June 2022

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is expected to continue exploration, development, operations and production and marketing of gold bullion in Australia and will continue the development of its gold exploration projects.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to the relevant Commonwealth and State environmental protection legislations.

The Group holds various environmental licenses issued under these laws and these licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, the management and storage of hazardous substances and the rehabilitation of areas disturbed during the course of exploration, mining and processing activities.

The Board monitors all environmental performance obligations. Our operations are subjected to regular Government agency audits and site inspections. There have been zero significant environmental incidents, material breaches of the Group's environmental licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

SHARE OPTIONS AND PERFORMANCE RIGHTS

Employee options and rights

During the year ending 30 June 2022, the Company granted 2,126,401 unlisted Performance Rights (WGXF) to senior management under the Employee Share Option Plan. Included in this issue were 202,435 Performance Rights granted to the Managing Director.

The principal terms of the Employee Rights are:

- The Performance Rights have been issued for nil consideration;
- Each Performance Right carries an entitlement to one fully paid ordinary share in the Company for each Performance Right vested;
- Vesting only occurs after the end of the Performance Periods (30 June 2024) and the number of Performance Rights that vest (if any) will depend on:
 - Relative Total Shareholder Return;
 - Absolute Total Shareholder Return;
 - Absolute Earnings Per Share;
 - Operational Growth;
- Any Performance Rights that do not vest after the end of the Performance Periods will automatically lapse; and
- No amount is payable by a holder of Performance Rights in respect of the shares allocated upon vesting.

Unissued shares

As at the date of this report, unissued ordinary shares under share based payment arrangements are:

Performance Rights (Rights)	Number of shares	Exercise Price	Expiry Date
Rights - Tranche 4 - Employees	762,080	Zero	30 June 2023
Rights - Tranche 5 - Directors	202,435	Zero	30 June 2024
Rights - Tranche 5 - Employees	1,367,993	Zero	30 June 2024
Total	2,332,508		

Holders of these instruments do not have any right, by virtue of the instrument, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising options

During the financial year 332,332 listed options were converted to acquire fully paid ordinary shares in the Company, refer to Note 26 for further details.

For personal use only

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract of insurance to insure Directors and Officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors held during the year and the number of meetings attended by each Director was as follows:

	Directors		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Hon. CL Edwardes AM ¹	3	3	-	-	-	-
WC Bramwell	13	13	-	-	-	-
FJ Van Maanen	13	13	3	3	4	4
GR Davison	13	12	3	3	4	4
JL Matthys ¹	3	3	1	1	1	1
PG Cook ²	10	10	-	-	-	-
PB Schwann ³	13	12	3	3	4	4

1. Appointed on 28 March 2022.
2. Resigned on 28 March 2022.
3. Resigned on 26 July 2022.

Committee Membership

As at the date of this report, the Company had an Audit, Risk and Compliance Committee and a Remuneration and Nomination Committee of the Board of Directors. Members acting on these committees during the year were:

Audit, Risk and Compliance Committee	Remuneration and Nomination Committee
FJ Van Maanen – Chair	PB Schwann – Chair ⁴
PB Schwann	FJ Van Maanen
WC Bramwell ¹	WC Bramwell ¹
GR Davison ²	GR Davison ²
JL Matthys ³	JL Matthys ³

1. Resigned as a member of the Committee on 1 August 2021.
2. Appointed to the Committee on 1 August 2021.
3. Appointed to the Committee on 2 June 2022. Mr Matthys was appointed Chair of the Remuneration and Nomination Committee on 28 July 2022.
4. Resigned on 26 July 2022.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

CONTENTS

1. Remuneration report overview
2. Remuneration and Nomination Committee responsibilities
3. Remuneration governance
4. Non-Executive Director remuneration
5. Executive remuneration
6. Performance and executive remuneration outcomes
7. Executive employment arrangements
8. Additional statutory disclosure

1. REMUNERATION REPORT OVERVIEW

The Directors of Westgold Resources Limited present the Remuneration Report (the Report) for the Group for the year ended 30 June 2022 (FY2022). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

The Report details the remuneration arrangements for Key Management Personnel (KMP) being the:

- Non-Executive Directors (NEDs); and
- Executive directors and senior executives (collectively "the executives").

KMP are those who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP of the Group are set out below:

Name	Position	Appointed	Resigned
(i) Non-Executive Directors			
Hon. CL Edwardes AM	Non-Executive Chair	28/03/2022	-
WC Bramwell	Non-Executive Director	03/02/2020	31/07/2021
FJ Van Maanen	Non-Executive Director	06/10/2016	-
GR Davison	Non-Executive Director	01/06/2021	-
JL Matthys	Non-Executive Director	28/03/2022	-
PG Cook	Non-Executive Chair	01/08/2021	28/03/2022
PB Schwann ¹	Non-Executive Director	02/02/2017	-
(ii) Executive Director			
WC Bramwell	Executive Director	01/08/2021	23/05/2022
WC Bramwell	Managing Director	24/05/2022	-
PG Cook	Executive Chair	19/03/2007	31/07/2021
(iii) Senior Executives			
SH Heng	Chief Financial Officer	02/08/2021	-
PW Wilding	A/Chief Operating Officer	24/05/2022	-
L Smith	Company Secretary & General Counsel	20/12/2019	-
DA Fullarton	Chief Executive Officer	01/07/2020	23/05/2022
A Buckingham	Chief Operating Officer	01/10/2019	23/05/2022

1. PB Schwann resigned as an Independent Non-Executive Director on 26 July 2022.

For personal use only

2. REMUNERATION AND NOMINATION COMMITTEE RESPONSIBILITIES

Remuneration and Nomination Committee duties

The Remuneration and Nomination Committee is a subcommittee of the Board and are chartered to:

- Oversee formulation and review of the Company's organisational development, succession planning for the Group's Executive Directors and senior executives;
- Approve, review and refer to the Board matters relating to the appointment and the removal of executives who report directly to the Managing Director and or Executive Director to ensure that an appropriate Board succession plan is in place;
- Ensure that the performance of the Board and its members is regularly reviewed; and
- Assist the Chair in advising Directors about their performance and possible retirement.

Remuneration report at FY2021 AGM

The FY2021 remuneration report received positive shareholder support at the FY2021 AGM with a vote of 100% in favour.

Director succession planning

The Remuneration and Nomination Committee continually considers the changing needs of the Group with the aim to maintain consistent governance over all activities.

During the financial year, Westgold appointed the Hon. CL Edwardes AM as Non-Executive Chair on 28 March 2022, and JL Matthys as a Non-Executive Director on 28 March 2022.

The Board structure as at 30 June 2022 is as follows:

Name	Position
Hon. CL Edwardes AM	Non-Executive Chair
WC Bramwell	Managing Director
FJ Van Maanen	Non-Executive Director
GR Davison	Non-Executive Director
JL Matthys	Non-Executive Director
PB Schwann	Non-Executive Director

3. REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee makes recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (Directors and senior executives); and
- The executive remuneration framework and incentive plan policies.

The Remuneration and Nomination Committee assess the appropriateness of the nature and amount of remuneration of Non-Executive Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors and executive team. The composition of the Remuneration and Nomination Committee is set out on page 29 of this financial report.

Use of remuneration advisors

The Remuneration and Nomination Committee did not engage any remuneration advisors during the current year.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

4. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

The NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination was at the Annual General Meeting of shareholders on 26 November 2021 with an aggregate fee pool of \$750,000 per year. The amount of the aggregate remuneration sought to be approved by shareholders and the manner in which it is paid to NEDs is reviewed annually against comparable companies. The Board also considers advice from external advisors when undertaking the review.

Non-executive directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs do not participate in any performance-related incentive programs. Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. Additional fees were paid to NEDs in FY2022 for being a Chair of a sub-committee. NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out-of-pocket expenses incurred as a result of their directorships.

Position	Annual Fees \$
Non-Executive Chair	175,000
Non-Executive Director	85,000
Chair of Audit, Risk and Compliance Committee	10,000
Member of Audit, Risk and Compliance Committee	7,500
Chair of Remuneration and Nomination Committee	10,000
Member of Remuneration and Nomination Committee	7,500

5. EXECUTIVE REMUNERATION

Executive Remuneration Policy

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration
- short-term incentives (STI); and
- long-term incentives (LTI).

For personal use only

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of FY2022 potential total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Executive Director	75%	14%	11%
Other Executives	75%	9%	16%

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Short Term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	Any STI award is paid in cash after the assessment of annual performance.
How much can executives earn?	In FY2022, the STI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% for the Managing Director and 40% for the other executives.
How is performance measured?	<p>A combination of specific Company Key Performance Indicators (KPIs) is chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Group and its shareholders.</p> <p>These measures have been selected as they can be reliably measured, are key drivers of value for shareholders and encourage behaviours in line with the Company's core values.</p>
What KPIs were chosen?	<p>The following KPIs were chosen for the 2022 financial year:</p> <ul style="list-style-type: none"> - KPI 1: Safety & Environmental Performance Targets (25%) - KPI 2: All-in Sustaining Cost (AISC) relative to budget (25%) - KPI 3: Gold production relative to budget (25%) - KPI 4: Personal KPI (25%)
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an executive leaves?	<p>Where executives cease to be an employee of the Group:</p> <ul style="list-style-type: none"> - due to resignation or termination for cause, before the end of the financial year, no STI is awarded for that year; or - due to redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year; - unless the Board determines otherwise.
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

During the financial year a combination of financial and non-financial measures were used to measure performance for STI rewards, with a score being calculated on the following measures:

Metric	Weighting	Targets	Score
Safety - Medically Treated Injury Frequency Rate (MTIFR)	10	Annual MTIFR decreases by 25% or more	10
		Annual MTIFR stays within $\pm 25\%$	5
		Annual MTIFR increases by 25% or more	0
Safety - Lost Time Injury Frequency Rate (LTIFR)	10	Annual LTIFR decreases by 25% or more	10
		Annual LTIFR stays within $\pm 25\%$	5
		Annual LTIFR increases by 25% or more	0
Environmental	5	Exceptional environmental management performance	5
		No serious breaches of environmental management	2.5
		Serious breach of environmental management	0
AISC relative to budget	25	Actual costs below budget by 10%	25
		Actual costs below budget by between 5% and 10%	20
		Actual costs below budget by less than 5%	15
		Actual costs above budget by less than 5%	10
		Actual costs above budget by between 5% & 10%	5
		Actual costs above budget by more than 10%	0
Gold Production relative to budget	25	Actual production above budget by 10%	25
		Actual production above budget by between 5% and 10%	20
		Actual production above budget by less than 5%	15
		Actual production equals to budget	10
		Actual production below budget by less than 5%	5
		Underperforms budget by between 5% & 10%	0
Personal performance	25	Exceptional Effort and Exceptional Achievement	25
		Exceptional Effort and Good Achievement	20
		Good Effort and Good Achievement	15
		Good Effort and Average Achievement	10
		Average Effort and Average Achievement	5
Total	100		

For personal use only

STI outcomes

Performance against those measure is as follows for FY2022:

Name	Position	STI Achieved %	STI Awarded ¹ \$	Maximum potential award \$
WC Bramwell	Managing Director	43	11,062	26,027
WC Bramwell	Executive Director	53	77,548	145,973
SH Heng	Chief Financial Officer	32	34,897	109,479
PW Wilding	A/Chief Operating Officer	42	7,433	17,490
L Smith	Company Secretary & General Counsel	43	35,063	82,500
Total			166,003	381,469

1. Performance is measured based on a combination of the operational segment performance as well as overall Group performance. The FY2022 STI awards were paid in August 2022.

Long Term Incentive (LTI) arrangements

Under the LTI plan, annual grants of options are made to executives to align remuneration with the creation of shareholder value over the long-term.

How is it paid?	Executives are eligible to receive Performance Rights (Performance Rights). In FY2022 Performance Rights were issued, being a conditional right issued to receive a share subject to the terms of the offer.
Are options eligible for dividends?	Executives are not eligible to receive dividends on unvested rights.
How much can executives earn?	The LTI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 80% (FY2021: 80%) for the Managing Director and 60% (FY2021: 60%) for the other executives. The number of Rights granted were determined using the fair value at the date of grant using a Monte Carlo valuation model, taking into account the terms and performance conditions upon which the Rights were granted.
How is performance measured?	Tranche 5 Performance Rights will vest and become exercisable subject to the following conditions: A service condition which requires: <ul style="list-style-type: none">- Continued employment for the three-year period from 1 July 2021 to 30 June 2024. A performance condition which comprises the following: <ul style="list-style-type: none">- Growth in Relative Total Shareholder Return (RTSR)- Growth in Absolute Total Shareholder Return (ATSR)- Growth in Absolute Earnings Per Share- Operational Growth

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

How is performance measured? Relative Total Shareholder Return Performance Condition

The Relative TSR Performance Rights (25% of total Rights) are measured against a defined peer group of companies over the service period, which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

The vesting schedule for the Relative TSR measure is as follows:

Relative TSR Performance	% Contribution to the Number of Employee Rights to Vest
Below 50 th percentile	0%
At 50 th percentile	50%
Above 50 th percentile and below 75 th percentile	Pro-rata from 50% to 100%
75 th percentile and above	100%

Absolute Total Shareholder Return Performance Condition

The ATSR Performance Rights (25% of total Rights) will vest subject to the performance of the Company's TSR over the service period. The ATSR will be measured by comparing the 30 day VWAP at grant date to the 30 day VWAP at vesting date (30 June 2024).

The vesting schedule for the ATSR measure is as follows:

Absolute TSR Performance	% Contribution to the Number of Employee Rights to Vest
Below 15%	0%
Between 15% and up to 25%	Pro-rata from 50% to 75%
Between 25% and up to 50%	Pro-rata from 75% to 100%
Greater than 50%	100%

Absolute Earnings Per Share Performance Condition

The AEPS Performance Rights (25% of total Rights) will vest subject to the annual growth rate of the Company's EPS over the service period. The AEPS will be measured by comparing the EPS (excluding any non-recurring items) at the grant date to the EPS (excluding any non-recurring items) at vesting date (30 June 2024).

The vesting schedule for the AEPS measure is as follows:

Absolute EPS Performance	% Contribution to the Number of Employee Rights to Vest
Below 15%	0%
Between 15% and up to 25%	Pro-rata from 50% to 75%
Between 25% and up to 50%	Pro-rata from 75% to 100%
Greater than 50%	100%

For personal use only

How is performance measured?**Operational Growth Performance Conditions**

The Operation Growth Performance Rights (25% of total Rights) will be measured by a combination of Ore Reserve Growth (10%) and Production Growth (15%).

Ore Reserves will be measured based on the Reserve Statement as reported at the end of the FY2022 financial year under JORC guidelines.

Production Growth will be measured as the cumulative annual growth rate over the service period.

The vesting schedule for the Ore Reserves measure is as follows:

Ore Reserve Performance	% Contribution to the Number of Employee Rights to Vest
Negative Growth	0%
Depletion Replaced	50%
Between depletion replaced and 10% increase	Pro-rata from 50% to 100%
Depletion replaced and 10% increase or greater	100%

The vesting schedule for the Production Growth measure is as follows:

Production Growth Performance	% Contribution to the Number of Employee Rights to Vest
Negative Growth	0%
5% growth	50%
Above 5% per annum growth and below 10% per annum growth	Pro-rata from 50% to 100%
10% per annum growth or greater	100%

When is performance measured?**Tranche 5**

The measurement date is 31 March 2024 unless otherwise determined by the Board.

What happens if an executive leaves?

Where executives cease to be an employee of the Group:

- due to resignation or termination for cause, then any unvested Performance Rights will automatically lapse on the date of the cessation of employment; or
- due to redundancy, ill health, death or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested Performance Rights based on achievement of the performance measures over the performance period up to the date of cessation of employment;
- unless the Board determines otherwise.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

6. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2022

The actual remuneration earned by executives in the year ended 30 June 2022 is set out in the Table on page 40. This provides shareholders with a view of the remuneration paid to executives for performance in FY2021 year.

Use of board discretion over remuneration outcomes

During the year the Remuneration and Nomination Committee

- Considered the appropriateness of awarding STI in relation to performance outcomes and market conditions;
- Reviewed the personal KPIs for all senior executives in line with the short term incentive arrangements; and
- Determined the appropriate total remuneration packages for new appointments of senior executives to ensure alignment to the market and the Company's stated objectives.

STI performance and outcomes

A combination of financial and non-financial measures was used to measure performance for STI rewards. As a result of the Group's performance against those measures STIs rewarded for the FY2022 as disclosed in the Table on page 34, were paid in August 2022.

LTI performance and outcomes

Performance Rights were granted in FY2021 (Tranche 4) and FY2022 (Tranche 5). All LTI's are subject to performance hurdles.

- Tranche 4 has a three-year vesting period ending in June 2023.
- Tranche 5 has a three-year vesting period ending in June 2024.

The Managing Director WC Bramwell was granted 202,435 Tranche 5 LTI's in October 2021.

Senior Executives were granted a total 697,172 Tranche 5 LTI's in October 2021.

For further details of Performance Rights granted, cancelled, lapsed and vested refer to Table 3 below.

Overview of Company performance

The table below sets out information about Westgold's earnings and movements in shareholder wealth for the past six years up to and including the current financial year.

	30 June 17 ³	30 June 18 ³	30 June 19 ³	30 June 20	30 June 21	30 June 22
Closing share price	\$1.84	\$1.85	\$1.88	\$2.09	\$1.88	\$1.19
Profit (loss) per share (cents)	5.18	(0.34)	3.74	8.65	18.16	(25.32)
Net tangible assets per share ¹	\$0.98	\$1.12	\$1.14	\$1.24	\$1.43	\$1.24
Dividend paid per shares (cents) ²	-	-	-	-	2	-

1. Net tangible assets per share include right of use assets and lease liabilities.

2. FY21 cash dividend of 2 cents per share declared on 30 August 2021 and paid on 15 October 2021.

3. The comparatives have not been adjusted for changes due to the adoption of AASB 15, AASB 16 and AASB 9.

Securities Trading Policy

The Westgold Securities Trading Policy applies to all employees and directors. The policy prohibits employees from dealing in Westgold securities while in possession price sensitive information regarding the Company that is not generally available.

For personal use only

7. EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives in place at 30 June 2022 is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Base Salary \$	Superannuation	Notice Period	Termination Payment
WC Bramwell (Managing Director)	500,000	10%	3 months	Per Nes
SH Heng (Chief Financial Officer)	300,000	10%	3 months	Per NES
PW Wilding (A/Chief Operating Officer)	420,000	10%	3 months	Per NES
L Smith (Company Secretary & General Counsel)	275,000	10%	3 months	Per NES

- NES are National Employment Standards as defined in the *Fair Work Act 2009* (Cth), which outline the minimum termination benefits based on years of service.
- WC Bramwell resigned as Non-Executive Director on 31 July 2021 and was appointed as an Executive Director on 1 August 2021.
- WC Bramwell resigned as Executive Director on 23 May 2022 and was appointed as Managing Director on 24 May 2022.
- SH Heng appointed as Chief Financial Officer on 2 August 2021.
- PW Wilding was appointed as A/Chief Operating Officer on 24 May 2022.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

7. EXECUTIVE EMPLOYMENT ARRANGEMENTS (CONTINUED)

2022	Short term			Other			Post-employment		Long term		% Performance related
	Salary and fees	Cash bonus	Annual leave benefit	Non-monetary benefits	Other Fees	Termination Payment ⁸	Super-annuation	Long service leave	Performance Rights	Total	
Non-executive Directors											
Hon. CL Edwardes AM ¹	45,646	-	-	-	-	-	4,565	-	-	50,210	-
WC Bramwell ²	15,119	-	-	1,649	-	-	1,512	-	6,511	24,791	-
FJ Van Maanen	102,500	-	-	-	-	-	10,250	-	-	112,750	-
GR Davison	105,833	-	-	-	-	-	10,583	-	-	116,417	-
JL Matthyis ¹	24,127	-	-	-	-	-	2,413	-	-	26,540	-
PG Cook ⁴	116,667	-	-	4,937	-	-	11,667	-	(198,754)	(65,484)	-
PB Schwann	102,292	-	-	-	-	-	10,229	-	-	112,521	-
	512,184	-	-	6,586	-	-	51,219	-	(192,243)	377,745	-
Executive Director											
WC Bramwell ²	375,000	77,548	21,302	2,770	-	230,262	37,899	23,928	62,168	600,615	-
PG Cook ⁴	48,333	-	-	2,478	-	-	4,833	-	-	285,906	12
Senior Executives											
WC Bramwell ⁵	43,589	11,062	3,205	513	-	-	4,359	1,038	7,981	71,747	15
SH Heng	275,000	34,897	15,380	4,932	-	-	27,500	6,822	38,294	402,825	9
PW Wilding ⁶	37,769	7,433	2,692	-	-	-	3,777	872	9,779	62,322	12
L Smith	278,196	35,063	17,102	7,415	-	-	27,492	7,837	89,711	462,816	8
DA Fullarton ^{3,7}	407,580	-	-	7,415	-	195,042	25,529	-	(74,371)	561,195	-
A Buckingham ^{3,7}	387,901	-	-	7,415	-	303,573	25,530	-	(72,162)	652,257	-
Totals	1,853,368	166,003	59,682	32,938	-	728,877	156,919	40,497	61,400	3,099,684	
	2,365,552	166,003	59,682	39,524	-	728,877	208,138	40,497	(130,843)	3,477,430	

1. Hon. CL Edwardes AM and JL Matthyis were appointed on 28 March 2022.

2. WC Bramwell was appointed to Executive Director on 1 August 2021 and resigned on 23 May 2022 (he previously held the position of a non-executive Director).

3. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.

4. PG Cook resigned as Executive Chairman on 31 July 2021 and as Non-Executive Chairman on 28 March 2022.

5. WC Bramwell was appointed to Managing Director on 24 May 2022.

6. PW Wilding was appointed A/Chief Operating Officer on 24 May 2022.

7. DA Fullarton and A Buckingham resigned on 24 May 2022.

8. Termination payments were made in line with the arrangements summarised in section 7 above, plus any accrued annual leave and long service leave balances on termination date.

9. Share-based payment remuneration represents the balances expensed under the accounting standards. In situations where an employee forfeits their share-based payment instruments due to failure to meet service conditions, previously expensed amounts are reversed in profit or loss. Therefore, negative remuneration in this table represents these reversals, relative to the employees' previously expensed amounts.

2021	Short term			Other			Post-employment benefits		Share-based payment		% Performance related
	Salary and fees	Cash bonus	Annual leave benefit	Non-monetary benefits	Other Fees	Termination Payment	Super-annuation	Long service leave	Options	Total	
Non-executive Directors											
WC Bramwell ¹	102,500	-	-	-	135,820	-	9,738	-	-	248,058	-
FJ Van Maanen	102,500	-	-	-	-	-	9,738	-	-	112,238	-
GR Davison ²	7,083	-	-	-	-	-	673	-	-	7,756	-
PB Schwann	100,000	-	-	-	-	-	9,500	-	-	109,500	-
	312,083	-	-	-	135,820	-	29,649	-	-	477,552	-
Executive Director											
PG Cook ³	610,101	123,250	44,615	7,526	-	-	24,999	14,500	206,597	1,031,588	12
Senior Executives											
DA Fullarton ⁴	434,910	71,400	32,308	7,526	-	-	24,990	10,500	102,552	684,186	10
A Buckingham ⁴	413,001	68,000	30,769	7,526	-	-	24,999	10,000	109,071	663,366	10
L Smith	248,942	31,875	19,231	7,526	-	-	24,808	6,250	22,896	361,528	9
	1,706,954	294,525	126,923	30,104	-	-	99,796	41,250	441,116	2,740,668	
Totals	2,019,037	294,525	126,923	30,104	135,820	-	129,445	41,250	441,116	3,218,220	

1. WC Bramwell was appointed to Executive Director on 1 August 2021 (he previously held the position of a non-executive Director).
2. GR Davison was appointed as a Non-executive Director on 1 June 2021.
3. PG Cook remained on the board as Non-executive Chairman with effect from 1 August 2021.
4. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

8. ADDITIONAL STATUTORY DISCLOSURES
Table 1: Westgold zero exercise price options (ZEPO's) and Performance Rights (Rights) granted, vested or lapsed during the period

Executive	Tranche	Granted	Grant date	Fair value per option or right	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed/ forfeited
PG Cook	2	69,936	28/11/2018	\$0.33	\$22,939	30/06/2021	30/06/2021	-	69,936
	2	69,936	28/11/2018	\$0.99	\$34,443	30/06/2021	30/06/2021	69,936	-
	3	76,905	7/05/2020	\$1.44	\$110,743	30/06/2022	30/06/2022	-	76,905
	3	76,905	7/05/2020	\$2.15	\$82,673	30/06/2022	30/06/2022	-	76,905
	4	58,377	24/11/2020	\$1.48	\$86,631	30/06/2023	30/06/2023	-	58,377
	4	58,377	24/11/2020	\$1.25	\$73,204	30/06/2023	30/06/2023	-	58,377
	4	58,377	24/11/2020	\$2.17	\$126,502	30/06/2023	30/06/2023	-	58,377
	4	58,377	24/11/2020	\$2.17	\$126,502	30/06/2023	30/06/2023	-	58,377
WC Bramwell	5	50,609	11/10/2021	\$1.20	\$60,528	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$0.95	\$48,129	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$1.79	\$90,539	30/06/2024	30/06/2024	-	-
	5	50,609	11/10/2021	\$1.79	\$90,539	30/06/2024	30/06/2024	-	-
	2	22,611	23/05/2019	\$0.31	\$6,919	30/06/2021	30/06/2021	-	22,611
DA Fullarton	2	22,612	23/05/2019	\$1.35	\$15,207	30/06/2021	30/06/2021	22,612	-
	3	19,889	7/05/2020	\$1.44	\$28,640	30/06/2022	30/06/2022	-	19,889
	3	19,889	7/05/2020	\$2.15	\$21,381	30/06/2022	30/06/2022	19,889 ⁽¹⁾	-
	4	42,273	24/11/2020	\$1.48	\$62,732	30/06/2023	30/06/2023	-	42,273
	4	42,273	24/11/2020	\$1.25	\$53,010	30/06/2023	30/06/2023	-	42,273
	4	42,273	24/11/2020	\$2.17	\$91,605	30/06/2023	30/06/2023	-	42,273
	4	42,273	24/11/2020	\$2.17	\$91,605	30/06/2023	30/06/2023	-	42,273
	5	50,925	11/10/2021	\$1.20	\$60,906	30/06/2024	30/06/2024	-	50,925
	5	50,925	11/10/2021	\$0.95	\$48,429	30/06/2024	30/06/2024	-	50,925
	5	50,925	11/10/2021	\$1.79	\$91,104	30/06/2024	30/06/2024	-	50,925
5	50,925	11/10/2021	\$1.79	\$91,104	30/06/2024	30/06/2024	-	50,925	

For personal use only

Executive	Tranche	Granted	Grant date	Fair value per option or right	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed/forfeited
A Buckingham	2	33,918	23/05/2019	\$0.31	\$10,379	30/06/2021	30/06/2021	-	33,918
	2	33,918	23/05/2019	\$1.35	\$22,810	30/06/2021	30/06/2021	33,918	-
	3	23,867	7/05/2020	\$1.44	\$34,368	30/06/2022	30/06/2022	-	23,867
	3	23,867	7/05/2020	\$2.15	\$25,657	30/06/2022	30/06/2022	23,867 ⁽¹⁾	-
	4	40,260	24/11/2020	\$1.48	\$59,745	30/06/2023	30/06/2023	-	40,260
	4	40,260	24/11/2020	\$1.25	\$50,485	30/06/2023	30/06/2023	-	40,260
	4	40,260	24/11/2020	\$2.17	\$87,242	30/06/2023	30/06/2023	-	40,260
	4	40,260	24/11/2020	\$2.17	\$87,242	30/06/2023	30/06/2023	-	40,260
	5	48,610	11/10/2021	\$1.20	\$58,137	30/06/2024	30/06/2024	-	48,610
	5	48,610	11/10/2021	\$0.95	\$46,228	30/06/2024	30/06/2024	-	48,610
	5	48,610	11/10/2021	\$1.79	\$86,963	30/06/2024	30/06/2024	-	48,610
	5	48,610	11/10/2021	\$1.79	\$86,963	30/06/2024	30/06/2024	-	48,610
	2	27,134	23/05/2019	\$0.31	\$8,303	30/06/2021	30/06/2021	-	27,134
	2	27,134	23/05/2019	\$1.35	\$18,247	30/06/2021	30/06/2021	27,134	-
	3	23,867	7/05/2020	\$1.44	\$68,737	30/06/2022	30/06/2022	-	23,867
	3	23,867	7/05/2020	\$2.15	\$51,314	30/06/2022	30/06/2022	23,867	-
4	22,646	24/11/2020	\$1.48	\$33,607	30/06/2023	30/06/2023	-	-	
4	22,646	24/11/2020	\$1.25	\$28,398	30/06/2023	30/06/2023	-	-	
4	22,646	24/11/2020	\$2.17	\$49,074	30/06/2023	30/06/2023	-	-	
4	22,646	24/11/2020	\$2.17	\$49,074	30/06/2023	30/06/2023	-	-	
5	25,607	11/10/2021	\$1.20	\$30,626	30/06/2024	30/06/2024	-	-	
5	25,607	11/10/2021	\$0.95	\$24,352	30/06/2024	30/06/2024	-	-	
5	25,607	11/10/2021	\$1.79	\$45,811	30/06/2024	30/06/2024	-	-	
5	25,607	11/10/2021	\$1.79	\$45,811	30/06/2024	30/06/2024	-	-	
PW Wilding									

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

Executive	Tranche	Granted	Grant date	Fair value per option or right	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed/forfeited
	3	16,841	24/11/2020	\$1.44	\$24,250	30/06/2022	30/06/2022	-	16,841
	3	16,841	24/11/2020	\$2.15	\$18,104	30/06/2022	30/06/2022	16,841	-
	4	18,872	24/11/2020	\$1.48	\$28,006	30/06/2023	30/06/2023	-	-
	4	18,872	24/11/2020	\$1.25	\$23,665	30/06/2023	30/06/2023	-	-
	4	18,872	24/11/2020	\$2.17	\$40,895	30/06/2023	30/06/2023	-	-
	4	18,872	24/11/2020	\$2.17	\$40,895	30/06/2023	30/06/2023	-	-
	5	23,871	11/10/2021	\$1.20	\$28,550	30/06/2024	30/06/2024	-	-
	5	23,871	11/10/2021	\$0.95	\$22,701	30/06/2024	30/06/2024	-	-
	5	23,871	11/10/2021	\$1.79	\$42,705	30/06/2024	30/06/2024	-	-
	5	23,871	11/10/2021	\$1.79	\$42,705	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$1.20	\$30,236	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$0.95	\$24,042	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$1.79	\$45,227	30/06/2024	30/06/2024	-	-
	5	25,281	11/10/2021	\$1.79	\$45,227	30/06/2024	30/06/2024	-	-
L Smith									
SH Heng									

1. These Rights were determined to vest and the shares were issued when the Board of Directors exercised their discretion to waive the service condition and award the employee the shares upon termination. The accounting expense pertaining to these instruments during the period has been included as part of the key management personnel's share-based payment remuneration in table 1 above.

Notes

- Zepo's Tranche 2 were granted in FY2019.
- Zepo's Tranche 3 were granted in FY2020.
- Rights Tranche 4 were granted in FY2021
- Rights Tranche 5 were granted in FY2022
- Generally LTI's lapse immediately on resignation, however the Board has the discretion to waive the service conditions and allow these LTI's to vest.

The value of the share-based payments granted during the period is recognised in compensation over the vesting period of the grant. For details on the valuation of the options, including models and assumptions used, please refer to Note 29.

Table 2: Shareholdings of key management personnel (including nominees)

	Balance held at 1 July 2021	On exercise of options	Net change other ⁷	Balance held at 30 June 2022
Directors				
Hon. CL Edwardes AM ¹	-	-	6,122	6,122
WC Bramwell	34,150	-	15,850	50,000
FJ Van Maanen	435,521	-	-	435,521
GR Davison	-	-	-	-
JL Matthys ¹	-	-	112,658	112,658
PG Cook ²	10,596,241	-	(785,126)	9,811,115
PB Schwann ³	-	-	-	-
Executives				
SH Heng ⁴	-	-	10,000	10,000
PW Wilding ⁵	51,344	51,001	(74,868)	27,477
L Smith	5,985	16,840	(15)	22,810
DA Fullarton ⁶	10,000	42,501	(4,889)	47,612
A Buckingham ⁶	-	57,785	(57,785)	-
Total	11,133,241	168,127	(778,053)	10,523,315

1. Appointed on 28 March 2022.
2. Resigned on 28 March 2022 (balances provided as at his resignation date).
3. Resigned on 26 July 2022.
4. Appointed on 2 August 2021.
5. Appointed on 24 May 2022.
6. Resigned on 24 May 2022.
7. Represents acquisition or disposal of shares on market.

For personal use only

REMUNERATION REPORT (AUDITED)

for the year ended 30 June 2022

Table 3: Option holdings of key management personnel (including nominees)

Options	Balance at beginning of year 1 July 2021	Granted as remuneration	Exercised	Lapsed	Balance at end of year 30 June 2022	Not vested and not exercisable	Vested and exercisable
Directors							
Hon. CL Edwardes AM	-	-	-	-	-	-	-
WC Bramwell	-	202,435	-	-	202,435	202,435	-
FJ Van Maanen	-	-	-	-	-	-	-
GR Davison	-	-	-	-	-	-	-
JL Matthys	-	-	-	-	-	-	-
PG Cook	387,316	-	-	(387,316)	-	-	-
PB Schwann	-	-	-	-	-	-	-
Executives							
SH Heng	-	101,123	-	-	101,123	101,123	-
PW Wilding	165,452	102,428	(51,001)	(23,867)	193,012	193,012	-
L Smith	109,168	95,484	(16,841)	(16,840)	170,971	170,971	-
DA Fullarton	231,480	203,698	(42,501)	(392,677)	-	-	-
A Buckingham	242,690	194,439	(57,785)	(379,344)	-	-	-
Total	1,136,106	899,607	(168,127)	(1,200,045)	667,541	667,541	-

Loans to key management personnel and their related parties

There were no loans to key management personnel during the years ended 30 June 2022 and 30 June 2021.

Other transactions to key management personnel and their related parties

There are no other transactions with key management personnel during the years ended 30 June 2022 and 30 June 2021.

End of Audited Remuneration Report.

For personal use only

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance key statements, frameworks, policies and charters are all available on the Company's website at:

www.westgold.com.au/site/about-us/corporate-governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

The Company intends to release a Sustainability Report in October 2022 outlining the impacts, footprint and achievements of the Group during 2022.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's Independence Declaration

The Directors received the Auditor's Independence Declaration, as set out on page 48, from Ernst & Young.

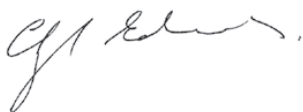
NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to Note 32):

	<u>\$</u>
Tax compliance and other services	2,200

Signed in accordance with a resolution of the Directors.



Hon. Cheryl Edwardes AM
Independent Non-Executive Chair

Perth, 25 August 2022

AUDITOR'S INDEPENDENCE DECLARATION



Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Westgold Resources Limited

As lead auditor for the audit of the financial report of Westgold Resources Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westgold Resources Limited and the entities it controlled during the financial year.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'T S Hammond'.

T S Hammond
Partner
Perth
25 August 2022

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Notes	2022	2021
Continuing operations			
Revenue	5	647,576,618	571,170,198
Cost of sales	7(a)	(620,300,818)	(455,456,036)
Gross profit		27,275,800	115,714,162
Other income	6	4,663,417	2,292,234
Finance costs	7(b)	(1,398,660)	(347,475)
Other expenses	7(c)	(12,967,460)	(10,881,936)
Impairment of mine properties and property plant and equipment	17	(175,535,410)	-
Net (loss) gain on fair value changes of financial assets	15	(2,014,040)	5,202,140
Exploration and evaluation expenditure written off	18	(110,165)	(86,058)
Profit (loss) before income tax from continuing operations		(160,086,518)	111,893,067
Income tax benefit (expense)	8	48,967,227	(35,141,187)
Net Profit for the year		(111,119,291)	76,751,880
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit for the year		(111,119,291)	76,751,880
Total comprehensive profit attributable to:			
members of the parent entity		(111,119,291)	76,751,880
		(111,119,291)	76,751,880
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit per share			
Continuing operations	9	(25.32)	18.16
Diluted profit per share			
Continuing operations	9	(25.32)	18.12

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Notes	2022	2021
CURRENT ASSETS			
Cash and cash equivalents	10	182,701,502	150,684,029
Trade and other receivables	11	7,122,734	7,466,095
Inventories	12	96,082,089	59,129,368
Prepayments	13	5,427,078	4,035,977
Other financial assets	14	1,930,033	1,149,449
Total current assets		293,263,436	222,464,918
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	15	6,799,309	6,423,091
Property, plant and equipment	16	147,916,103	166,748,178
Mine properties and development	17	263,803,557	407,335,920
Exploration and evaluation expenditure	18	104,577,467	89,738,936
Right-of-use assets	19	10,814,702	7,258,887
Total non-current assets		533,911,138	677,505,012
TOTAL ASSETS		827,174,574	899,969,930
CURRENT LIABILITIES			
Trade and other payables	20	88,017,524	83,783,431
Provisions	21	13,066,226	11,405,262
Interest-bearing loans and borrowings	23	22,842,019	22,962,067
Unearned income	25	-	-
Total current liabilities		123,925,769	118,150,760
NON-CURRENT LIABILITIES			
Provisions	22	69,669,839	77,118,556
Interest-bearing loans and borrowings	24	20,117,792	22,113,771
Deferred tax liabilities	8	25,693,717	75,226,536
Total non-current liabilities		115,481,348	174,458,863
TOTAL LIABILITIES		239,407,117	292,609,623
NET ASSETS		587,767,457	607,360,307
EQUITY			
Issued capital	26	463,468,148	364,077,523
Retained earnings (accumulated losses)	27	(73,079,253)	46,522,657
Share-based payments reserve	28	15,884,931	15,266,496
Other reserves	28	181,493,631	181,493,631
TOTAL EQUITY		587,767,457	607,360,307

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Notes	2022	2021
OPERATING ACTIVITIES			
Receipts from customers		647,576,036	570,971,358
Interest received		220,263	333,794
Receipts from other income		3,080,832	1,957,496
Payments to suppliers and employees		(469,372,796)	(322,933,634)
Interest paid		(1,648,881)	(1,240,191)
Income tax refunded		-	53,126
Net cash flows from operating activities	10	179,855,454	249,141,949
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(37,738,519)	(32,351,779)
Payments for mine properties and development		(150,540,448)	(182,395,512)
Payments for exploration and evaluation		(18,190,290)	(14,249,778)
Payment for financial assets		(2,390,258)	(5,986,129)
Proceeds from sale of financial assets	15	-	17,765,178
Payments for performance bond facility		(780,584)	-
Proceeds from sale of property, plant and equipment		8,630,810	3,412,695
Net cash flows used in investing activities		(201,009,289)	(213,805,325)
FINANCING ACTIVITIES			
Payment of hire purchase arrangements	4(f)	(28,133,801)	(22,245,203)
Payment for lease liabilities		(9,037,306)	(8,346,056)
Proceeds from share issue	26(b)	100,800,000	8,373,750
Payments for share issue costs		(4,132,800)	-
Payments for dividends		(6,324,785)	-
Net cash flows from (used in) financing activities		53,171,308	(22,217,509)
Net increase in cash and cash equivalents		32,017,473	13,119,115
Cash and cash equivalents at the beginning of the financial year		150,684,029	137,564,914
Cash and cash equivalents at the end of the year	10	182,701,502	150,684,029

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Issued capital (Note 26)	Retained Earnings (accumulated losses) (Note 27)	Share-based payments reserve (Note 28)	Equity reserve (Note 28)	Total Equity
2022					
At 1 July 2021	364,077,523	46,522,657	15,266,496	181,493,631	607,360,307
Loss for the year	-	(111,119,291)	-	-	(111,119,291)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year net of tax	-	(111,119,291)	-	-	(111,119,291)
Transactions with owners in their capacity as owners					
Share-based payments	-	-	618,435	-	618,435
Issue of share capital	102,957,835	-	-	-	102,957,835
Share issue costs, net of tax	(3,567,210)	-	-	-	(3,567,210)
Dividends paid	-	(8,482,619)	-	-	(8,482,619)
At 30 June 2022	463,468,148	(73,079,253)	15,884,931	181,493,631	587,767,457
2021					
At 1 July 2020	356,130,055	(30,229,223)	14,466,364	181,493,631	521,860,827
Profit for the year	-	76,751,880	-	-	76,751,880
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	76,751,880	-	-	76,751,880
Transactions with owners in their capacity as owners					
Share-based payments	-	-	800,132	-	800,132
Issue of share capital	8,373,750	-	-	-	8,373,750
Share issue costs, net of tax	(426,282)	-	-	-	(426,282)
At 30 June 2021	364,077,523	46,522,657	15,266,496	181,493,631	607,360,307

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 25 August 2022.

Westgold Resources Limited (the Company or the Parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors Report.

The address of the registered office is Level 6, 200 St Georges Terrace, Perth WA 6000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for certain financial assets, which have been measured at fair value through profit or loss.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2021. Other than the changes described in Note 38, the accounting policies adopted are consistent with those of the previous financial year.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries (the Group) as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns

from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intercompany transactions between members of the Group are eliminated in full on consolidation.

(d) Foreign currency translation

Functional and presentation currency

The Group's consolidated financial statements are presented in Australian (A\$), which is also the parent entity's functional currency. The Group does not have any foreign operations.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided by management to the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Financial Instruments

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain commodity contracts are accounted for as executory contracts and not recognised as financial instruments as these contracts were entered into and continue to be held for the purpose of the delivery of gold bullion in accordance with the Group's expected sale requirements (see Note 5).

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, or fair value through profit or loss or fair value through OCI.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in these categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group's financial assets at amortised cost include cash, short-term deposits, and trade and other receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of other income in the Consolidated Statement of Comprehensive Income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified, and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date (see Note 3). For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL.

The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans, borrowings, and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses.

Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted, and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine and useful life. Useful life ranges from 2 to 25 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Refer to Note 2(o) for further discussion on impairment testing performed by the Group.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, plant and equipment (continued)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(l) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the profit or loss in the period when the new information becomes available.

(m) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. This includes the costs associated with waste removal (stripping costs) in the creation of improved access and mining flexibility in relation to the ore to be mined in the future. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to Note 2(o) for further discussion on impairment testing performed by the Group.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production (UOP) method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable
- The component of the ore body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Mine properties and development (continued)

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons.

These include, but are not limited to the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

(n) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but is not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised as the date of de-recognition.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Consolidated Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Consolidated Statement of Financial Position.

(o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal (FVLCD) and its value in use (VIU).

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans.

For personal use only

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of non-financial assets (continued)

The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Lease liabilities

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Upon adoption of AASB 16, all leases with the exception of short term (under 12 months) and low value leases, are recognised on the balance sheet as a right-of-use asset and a corresponding interest-bearing liability. Lease costs are recognized in the income statement over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwinding

of the discount on the lease liability. The Group recognises leases entered into after 1 July 2019 using the interest rate implicit in the lease.

(r) Interest revenue

Revenue is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(s) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Gold bullion sales

For bullion sales, most of this is sold under a long-term sales contract with the refiner and forward sale agreements with Citibank N.A. The only performance obligation under the contract is the sale of gold bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs after the unrefined doré is outturned and the Group either instructs the refiner to purchase the outturned fine metal or advises the refiner to transfer the gold to the bank by crediting the metal account of the bank. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group applies the practical expedient to not adjust the promised consideration for the effects of a significant financing component where the period between the transfer of the refined gold to a customer and the receipt of the advance is one year or less. For long-term advances from customers the transaction price is discounted, using the rate that would be reflected in a separate transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue from contracts with customers (continued)

Mining and contracting services

Mining and contracting services is the provision of equipment and personnel to carry out mining activities on behalf of the customer.

These contracts are assessed to have multiple performance obligation as each equipment and service are capable of being distinct and separately identifiable. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group as the services are rendered.

The transaction price for each contract is based on an agreed schedule of rates to which the Group is entitled.

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares; adjusted for any bonus element.

(u) Issued capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(v) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has one plan in place that provides these benefits. It is the Long-Term Incentive Plan (LTIP) which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Westgold Resources Limited (market conditions) if applicable.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using either a Black & Scholes or a Monte Carlo model as appropriate. Further details of which are given in Note 29.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

For personal use only

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Share-based payment transactions (continued)

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(w) Employee benefits

Wages, salaries, sick leave and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(x) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(y) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided for using the full liability balance sheet approach.

The tax rates and tax laws used to compute the amount of deferred tax assets and liabilities are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable profits.

Deferred tax liabilities are recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, including carry-forward tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except when:

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Income tax (continued)

- the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and it is not probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets and deferred tax liabilities are reassessed at each reporting date and are recognised to the extent that they satisfy the requirements for recognition.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Income taxes relating to transactions recognised outside profit and loss (for example, directly in other comprehensive income or directly in equity) are also recognised outside profit and loss.

Tax consolidation

Westgold Resources Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group (the Tax Group) with effect from 1 December 2016. Members of the Tax Group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between members of the Tax Group should the parent, Westgold Resources Limited, default on its tax payments obligations.

The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Westgold Resources Limited. The nature of the tax funding agreement is such that no tax consolidation adjustments are required.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant judgements

- **Revenue from contracts with customers**
Judgement is required to determine the point at which the customer obtains control of gold. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the gold typically result in control transferring upon allocation of the gold to the customers' account.
- **Mine properties and development - stripping costs**
Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant judgements (continued)

These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure. Furthermore, judgements and estimates are also used to apply the UOP method in determining the depreciable lives of the stripping activity asset(s).

There are a number of uncertainties inherent in estimating the carrying value of mine properties and development and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast price of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the requirement to restate the carrying value.

Significant accounting estimates and assumptions

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Group estimates its mineral resource and reserves in accordance with the *Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012* (the JORC code). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the reserves being restated.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in Note 2(j). In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, timing, cost increases as compared to the inflation rate of 2.5% (2021: 2.2%), and changes in discount rates. The applicable discount rates are based on the expected life of mine for each operation.

The expected timing of expenditure can also change, for example in response to changes in reserves or production rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on various factors, including whether the Group decides to exploit the related area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting estimates and assumptions (continued)

Life of mine method of amortisation and depreciation

Estimated economically recoverable reserves are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. Changes in estimates are accounted for prospectively.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves for differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues.

From 1 January 2022, the Group has used total ounces produced in calculating its amortisation of mine properties, which was previously calculated based on production from reserves. The change coincides with the development of the Big Bell underground mine which reached commercial production during the second half of the year. The change resulted in an increase to amortisation of \$25,131,673 compared to the amortisation that would have been recorded under the approach previously used and is considered to more accurately reflect the future pattern of usage of the mine development assets for the Group's current operations.

Impairment of capitalised mine development expenditure, property, plant and equipment

The future recoverability of capitalised mine development expenditure, property, plant and equipment is dependent on a number of factors, including the level of proved and probable reserves, and the likelihood of progressive upgrade of mineral resources in to reserves over time. In addition, consideration is given to future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations), and changes in commodity prices. Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

When applicable, FVLCD is estimated based on discounted cash flows using market based commodity prices and foreign exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the relevant CGU's life-of-mine (LOM) plans.

Consideration is also given to analysts' valuations. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

In determining the VIU, future cash flows for each CGU (i.e. each mine site) are prepared utilising management's latest estimates of:

- the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- royalties and taxation;
- future production levels;
- future commodity prices;
- future cash costs of production and development expenditure; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a pre-tax discount rate.

The Group's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular, CGO, MGO and FGO are most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions. Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which the Group makes this determination. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

Refer to Note 2(o) for further discussion on the impairment assessment process undertaken by the Group.

Provision for expected credit losses (ECLs) on trade receivables and other short-term receivables carried at amortised cost

The Group uses a provision matrix to calculate ECLs for trade and other short-term receivables carried at amortised cost. The provision rates are based on days past due.

For personal use only

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting estimates and assumptions (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a key estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation, using the assumptions as discussed in Note 29. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in its leases, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Significant judgement in relation to future cash flow

The Group has several lease contracts relating to premises and power stations that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether

these extension and termination options are reasonably certain to be exercised. For renewal options that were reasonably certain to be exercised, these have been included in the calculation of right-of-use assets and lease liabilities.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, trade and other payables, finance lease and hire purchase contracts, cash and cash equivalents, deposits and equity investments.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, equity price risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(a) Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities and cash balances. The level of debt is disclosed in Notes 23 and 24. The Group's policy is to manage its interest cost using fixed rate debt. Therefore, the Group does not have any variable interest rate risk on its debt. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. There is no significant exposure to changes in market interest rates at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk exposures and responses (continued)

At the reporting date the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
2022				
Financial assets				
Cash and cash equivalents	142,701,502	40,000,000	-	182,701,502
Trade and other receivables	-	-	7,122,734	7,122,734
Financial assets at fair value through profit and loss	-	-	6,799,309	6,799,309
Other financial assets	-	1,930,033	-	1,930,033
	142,701,502	41,930,033	13,922,043	198,553,578
Financial liabilities				
Trade and other payables	-	-	(88,017,524)	(88,017,524)
Lease liabilities	-	(10,909,353)	-	(10,909,353)
Interest-bearing liabilities	-	(32,050,458)	-	(32,050,458)
	-	(42,959,811)	(88,017,524)	(130,977,335)
Net financial assets				67,576,243
2021				
Financial assets				
Cash and cash equivalents	150,684,029	-	-	150,684,029
Trade and other receivables	-	-	7,466,095	7,466,095
Financial assets at fair value through profit and loss	-	-	6,423,091	6,423,091
Other financial assets	-	1,149,449	-	1,149,449
	150,684,029	1,149,449	13,889,186	165,722,664
Financial liabilities				
Trade and other payables	-	-	(83,783,431)	(83,783,431)
Lease liabilities	-	(7,338,534)	-	(7,338,534)
Interest-bearing liabilities	-	(37,737,304)	-	(37,737,304)
	-	(45,075,838)	(83,783,431)	(128,859,269)
Net financial assets				36,863,395

For personal use only

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk exposure

	Post tax profit higher (lower)		Other Comprehensive Income higher (lower)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Judgements of reasonably possible movements:				
+1.0% (100 basis points)	1,278,911	1,054,788	-	-
-1.0% (100 basis points)	(1,278,911)	(1,054,788)	-	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables, financial assets representing listed shares and other financial assets held as security and loans. Cash and cash equivalents are held with National Australia Bank, which is an Australian Bank with an AA- credit rating (Standard & Poor's).

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

(c) Price risk

Equity Security Price Risk

The Group's operations were exposed to equity security price fluctuations arising from investments in equity securities. Refer to Note 15 for details of equity investments at fair value through profit or loss held at 30 June 2022.

The Group has equity investments, which have shown volatility in price movements over the year. If security prices varied by 20%, with all other variables held constant, the impact on post tax profits and equity at 30 June, is reflected below:

	Post tax profit higher (lower)		Other Comprehensive Income higher (lower)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Judgements of reasonably possible movements:				
Price + 20%	951,903	899,233	-	-
Price - 20%	(951,903)	(899,233)	-	-

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of hire purchase arrangements.

The table below reflects all contractually fixed payables for settlement, repayment and interest resulting from recognised financial liabilities as of 30 June 2022. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as 30 June.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The remaining contractual maturities of the Group's financial liabilities are:

	2022	2021
6 months or less	(100,990,852)	(97,943,429)
6 - 12 months	(11,321,798)	(9,402,276)
1 - 5 years	(21,558,211)	(22,875,599)
Over 5 years	-	-
	(133,870,861)	(130,221,304)

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities, as well as to enable effective controlling of future risks, management monitors its Group's expected settlement of financial assets and liabilities on an ongoing basis.

	<6 months	6-12 months	1-5 years	>5 years	Total
2022					
Financial assets					
Cash and equivalents	183,178,708	-	-	-	183,178,708
Trade and other receivables	7,122,734	-	-	-	7,122,734
Other financial assets	1,930,033	-	-	-	1,930,033
	192,231,475	-	-	-	192,231,475
Financial liabilities					
Trade and other payables	(88,017,524)	-	-	-	(88,017,524)
Lease liabilities	(3,685,953)	(2,887,530)	(5,879,451)	-	(12,452,934)
Interest-bearing loans	(9,287,375)	(8,434,268)	(15,678,760)	-	(33,400,403)
	(100,990,852)	(11,321,798)	(21,558,211)	-	(133,870,861)
Net inflow/(outflow)	91,240,623	(11,321,798)	(21,558,211)	-	58,360,614
2021					
Financial assets					
Cash and equivalents	151,074,769	-	-	-	151,074,769
Trade and other receivables	7,466,095	-	-	-	7,466,095
Other financial assets	1,149,449	-	-	-	1,149,449
	159,690,313	-	-	-	159,690,313
Financial liabilities					
Trade and other payables	(83,783,431)	-	-	-	(83,783,431)
Lease liabilities	(4,308,744)	(1,315,528)	(1,941,010)	-	(7,565,282)
Interest-bearing loans	(9,851,254)	(8,086,748)	(20,934,589)	-	(38,872,591)
	(97,943,429)	(9,402,276)	(22,875,599)	-	(130,221,304)
Net inflow/(outflow)	61,746,884	(9,402,276)	(22,875,599)	-	29,469,009

For personal use only

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair values

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non-market observable inputs (Level 3)	Total
2022				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	6,799,309	-	-	6,799,309
	6,799,309	-	-	6,799,309
2021				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	6,423,091	-	-	6,423,091
	6,423,091	-	-	6,423,091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Changes in liabilities arising from financing activities

	Opening	Cash flows	New leases	Reclassi- fication adjustment	Closing
Lease liability					
2022					
Current obligations	5,469,969	(9,037,306)	3,567,337	6,004,390	6,004,390
Non-current obligations	1,868,565	-	9,040,788	(6,004,390)	4,904,963
Total liabilities	7,338,534	(9,037,306)	12,608,125	-	10,909,353
2021					
Current obligations	7,425,093	(8,346,056)	920,963	5,469,969	5,469,969
Non-current obligations	4,797,566	-	2,540,968	(5,469,969)	1,868,565
Total liabilities	12,222,659	(8,346,056)	3,461,931	-	7,338,534

	Opening	Cash flows	Additions	Reclassi- fication adjustment	Closing
Interest bearing liability					
2022					
Current obligations	17,492,098	(28,133,801)	10,641,703	16,837,629	16,837,629
Non-current obligations	20,245,206	-	11,805,252	(16,837,629)	15,212,829
Total liabilities	37,737,304	(28,133,801)	22,446,955	-	32,050,458
2021					
Current obligations	16,309,721	(22,245,203)	5,935,482	17,492,098	17,492,098
Non-current obligations	9,294,070	-	28,443,234	(17,492,098)	20,245,206
Total liabilities	25,603,791	(22,245,203)	34,378,716	-	37,737,304

For personal use only

5. REVENUE

	2022	2021
Sale of gold at spot	336,730,400	386,888,429
Sale of gold under forward contracts ⁽¹⁾	310,846,218	184,212,700
Mining and contracting services	-	69,069
Total revenue from contracts with customers	647,576,618	571,170,198

Disaggregated revenue per segment has been disclosed in Note 33.

No revenue was recognised during the year for performance obligations satisfied in previous periods.

1. Gold sold under forward contracts

The Group's operations are exposed to commodity price fluctuations. The Group has a commodity risk management hedging policy that authorises management to enter into price protection contracts to ensure revenue streams up to 60% of gold sales for up to three years of forecast production.

At the end of the financial year, the Group had unrecognised sales contracts for 148,000 ounces at an average price of \$2,396 per ounce ending in July 2023, under which the Group will deliver physical gold to settle.

The transaction price allocated to remaining performance obligations under forward contracts not recognised at the balance sheet date at 30 June 2022 is as follows:

	2022	2021
Gold forward contracts		
- Within 1 year	330,707,005	179,148,738
- 1 to 2 years	23,964,276	153,556,062
	354,671,281	332,704,800

The amounts due are for delivery of gold which will be paid within 3 days of delivery.

6. OTHER INCOME

	2022	2021
Interest income calculated using the effective interest rate method	266,150	334,738
Net gain on sale of assets	1,316,434	-
Other income	3,080,833	1,957,496
Total other income	4,663,417	2,292,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

7. EXPENSES

	2022	2021
(a) Cost of sales		
Gold production		
Salaries, wages expense and other employee benefits	175,906,269	158,441,833
Other production costs	218,314,978	129,580,548
Write down in value of inventories to estimated net realisable value	10,252,203	6,175,664
Royalty expense	23,537,397	21,922,481
Contract mining services		
Salaries, wages expense and other employee benefits	-	54,126
Mining and contracting service costs	-	3,155
Depreciation and amortisation expense		
Depreciation of non-current assets:		
Property, plant and equipment	54,409,633	52,350,718
Buildings	2,095,532	1,883,586
Right-of-use assets	8,249,706	7,482,892
Amortisation of non-current assets:		
Mine properties and development costs	127,535,100	77,561,033
Total cost of sales	620,300,818	455,456,036
(b) Finance costs		
Interest expense	1,648,881	1,587,326
Capitalised borrowing costs to qualifying asset	(1,145,680)	(1,587,326)
Unwinding of rehabilitation provision discount	895,459	347,475
Total finance costs	1,398,660	347,475

The development of the Big Bell Underground Mine is deemed to be a qualifying asset and interest expenses of \$1,145,680 (2021: \$1,587,326) have therefore been capitalised to the underlying qualifying asset. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.91% (2021: 4.16%).

7. EXPENSES (CONTINUED)

	2022	2021
(c) Other expenses		
Administration expenses		
Employee benefits expense		
Salaries and wages expense	6,555,882	5,171,086
Directors' fees and other benefits	377,746	477,552
Other employee benefits	87,033	71,664
Share-based payments expense	618,435	800,132
	7,639,096	6,520,434
Other administration expenses		
Consulting expenses	2,170,807	1,477,317
Travel and accommodation expenses	92,200	83,184
Other costs	2,174,658	895,838
	4,437,665	2,456,339
Depreciation expense		
Property plant and equipment	374,671	335,981
Right-of-use assets	516,028	516,028
	890,699	852,009
Total administration expenses	12,967,460	9,828,782
Other expenses		
Net loss on sale of assets	-	1,053,154
	-	1,053,154
Total other expenses	12,967,460	10,881,936

8. INCOME TAX

	2022	2021
(a) Major components of income tax expense:		
Income Statement		
<i>Current income tax expense</i>		
Current income tax (benefit) expense	(10,632,327)	8,157,254
Adjustment in respect of current income tax of previous years	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(39,878,133)	26,811,823
Adjustment in respect of prior year tax losses / DTA	1,543,233	172,111
Income tax for continuing and discontinuing operations	(48,967,227)	35,141,188
(b) Amounts charged or credited directly to equity		
Share issue costs	(565,590)	426,282
	(565,590)	426,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

8. INCOME TAX (CONTINUED)

	2022	2021
(c) A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit (loss) before tax from continuing operations	(160,086,518)	111,893,067
Total accounting profit (loss) before income tax	(160,086,518)	111,893,067
At statutory income tax rate of 30% (2021: 30%)	(48,025,955)	33,567,920
Non-assessable income	(459,389)	(124,779)
Under (over) in respect of prior years	(481,883)	1,698,047
Income tax (benefit) expense reported in the income statement	(48,967,227)	35,141,188
Tax expense from continuing operations	(48,967,227)	35,141,188
Income tax (benefit) expense reported in the income statement	(48,967,227)	35,141,188

(d) Deferred income tax at 30 June relates to the following:

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2022	2021	2022	2021
Deferred tax liabilities				
Exploration	(16,538,683)	(11,469,917)	5,068,766	3,645,931
Trade and other receivables	(341,375)	(676,017)	(334,642)	67,278
Net gain on financial assets AFVTP	423,071	(181,141)	(604,212)	(3,718,859)
Prepayments	(16,394)	(11,839)	4,555	(6,991)
Deferred mining	(32,761,755)	(76,471,436)	(44,697,446)	15,875,854
Inventories	(10,964,932)	(8,703,078)	2,261,854	3,011,739
Property plant and equipment	(7,729,115)	(5,986,013)	2,730,867	6,277,076
Gross deferred tax liabilities	(67,929,183)	(103,499,441)		
Deferred tax assets				
Accrued expenses	718,292	834,674	116,382	(300,557)
Provision for employee entitlements	4,820,069	4,104,863	(715,206)	(617,029)
Provision for rehabilitation	17,696,605	14,086,706	(3,609,899)	2,557,203
Business related costs	162,179	63,028	(99,151)	20,177
Capital raising costs	1,367,076	801,486	(565,590)	426,282
Recognised tax losses	17,471,245	8,382,148	(9,089,097)	8,329,365
Gross deferred tax assets	42,235,466	28,272,905		
Net deferred tax liabilities	(25,693,717)	(75,226,536)		
Deferred tax expense			(49,532,819)	35,567,469

(e) Unrecognised losses

At 30 June 2022, there are no unrecognised losses for the Group (2021: nil).

For personal use only

9. EARNINGS PER SHARE

The following reflects the data used in the basic and diluted earnings per share computations.

	2022	2021
(a) Earnings used in calculating earnings per share		
Net profit (loss) attributable to ordinary equity holders of the parent	(111,119,291)	76,751,880
Net profit attributable to ordinary equity holders of the parent	(111,119,291)	76,751,880
Basic earnings (loss) per share (cents)	(25.32)	18.16
	(25.32)	18.16
Earnings used in calculating earnings per share		
For diluted earnings per share:		
Net profit (loss) attributable to ordinary equity holders of the parent (from basic EPS)	(111,119,291)	76,751,880
Net profit attributable to ordinary equity holders of the parent	(111,119,291)	76,751,880
Diluted profit (loss) per share (cents)		
Continuing operations	(25.32)	18.12
	(25.32)	18.12
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	438,907,701	422,637,346
Effect of dilution:		
Share options	-	441,278
Rights ¹	-	557,582
Weighted average number of ordinary shares adjusted for the effect of dilution	438,907,701	423,636,207

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company has included rights on issue in the calculation of dilutive earnings per share for the current financial period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

1. The Company had 2,332,508 share options on issue that are excluded from the calculation of diluted loss per share for the current financial period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

10. CASH AND CASH EQUIVALENTS

	2022	2021
Cash at bank and in hand	142,701,502	150,684,029
Short-term deposits	40,000,000	-
Cash at bank and in hand	182,701,502	150,684,029
CASH FLOW RECONCILIATION		
Reconciliation of net profit after income tax to net cash flows from operating activities		
Profit (loss) after income tax	(111,119,291)	76,751,880
Amortisation and depreciation	193,180,670	140,130,238
Provisional gold sales (refer to Note 25)	-	(198,841)
Income tax (benefit) expense	(48,967,227)	35,141,187
Share based payments	618,435	800,132
Unwinding of rehabilitation provision discount	895,459	347,475
Net loss (profit) on disposal of property, plant and equipment	(1,316,434)	1,053,154
Fair value change in financial instruments (refer to Note 15)	2,014,040	(5,202,140)
Impairment of mine properties and property plant and equipment (refer to Note 17)	175,535,410	-
Exploration and evaluation expenditure written off (refer to Note 18)	110,165	86,058
	210,951,227	248,909,143
Changes in assets and liabilities		
(Increase) decrease in inventories	(36,952,721)	(15,181,202)
Increase in trade and other receivables and prepayments	(1,047,740)	(954,066)
Increase in trade and other creditors	4,520,668	14,258,184
Increase in provisions	2,384,020	2,109,890
Net cash flows from operating activities	179,855,454	249,141,949

At 30 June 2022, the Group had available \$3,156,781 (2021: \$5,988,078) of undrawn borrowing facilities.

11. TRADE AND OTHER RECEIVABLES (current)

	2022	2021
Statutory receivables	6,453,347	6,738,159
Other debtors	669,387	727,936
Total trade and other receivables	7,122,734	7,466,095

Statutory receivables comprises of GST input tax credits and diesel fuel rebates.

Other debtors are non-interest bearing and generally have a 30-60 day term.

All trade and other receivables are classed as recoverable in full. The carrying amount of other debtors approximate their fair value. Refer Note 4(b) for credit risk disclosures.

For personal use only

12. INVENTORIES (current)

	2022	2021
Ore stocks at net realisable value	37,699,414	13,906,060
Gold in circuit at cost	20,870,066	15,529,300
Gold metal at cost	-	161,235
Stores and spares at cost	44,208,485	34,250,915
Provision for obsolete stores and spares	(6,695,876)	(4,718,142)
Total inventories at lower of cost and net realisable value	96,082,089	59,129,368

During the year there were write-downs in inventories of \$10,252,203 (2021: \$6,175,664) from continuing operations for the Group. This is included in cost of sales refer to Note 7(a).

13. PREPAYMENTS (current)

	2022	2021
Prepayments	5,427,078	4,035,977
	5,427,078	4,035,977

14. OTHER FINANCIAL ASSETS (current)

	2022	2021
Cash on deposit	1,930,033	1,149,449
	1,930,033	1,149,449

The cash on deposit is interest bearing and is used as security for bank guarantees.

15. FINANCIAL ASSETS

	2022	2021
Listed shares – Australian	6,799,309	6,423,091
	6,799,309	6,423,091
Movement in Listed Shares		
At 1 July	6,423,091	-
Additions of listed shares	2,390,258	5,986,129
Proceeds on disposal of financial assets	-	(265,178)
Net gain (loss) on fair value changes of financial assets	(2,014,040)	702,140
At 30 June	6,799,309	6,423,091
Movement in Royalties Receivable		
At 1 July	-	13,000,000
Net gain on financial assets at FVTPL	-	4,500,000
Settlement of Mount Marion lithium royalty	-	(17,500,000)
Settlement of Buldania royalty	-	-
At 30 June	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

15. FINANCIAL ASSETS (CONTINUED)

Listed shares

These financial assets consist of investments in ordinary shares. The fair value of equity investments at fair value through profit or loss has been determined directly by reference to published price quotations in an active market.

Movement in investments during the year ended 30 June 2022 are as follows:

- The Group has a 1.01% (30 June 2021: 0.26%) interest in Musgrave Minerals Limited, which is involved in the exploration of gold and base metals in Australia. Musgrave is listed on the Australian Securities Exchange (ASX: MGV). At the end of the period, the fair value of the Group's investment was \$1,335,747 (30 June 2021: \$513,889) which is based on the quoted share price.
- The Group has a 14.78% (2021: 14.11%) interest in Alto Metals Limited which is involved in the exploration of gold and base metals in Australia. Alto is listed on the Australian Securities Exchange (ASX: AME). At the end of the year, the fair value of the Group's investment was \$5,463,561 (2021: \$5,909,201) which is based on the quoted share price.

16. PROPERTY, PLANT & EQUIPMENT

	2022	2021
Plant and equipment		
Gross carrying amount at cost	377,434,401	349,487,807
Accumulated depreciation	(259,429,136)	(208,263,726)
Impairment write down	(12,401,251)	
Net carrying amount	112,948,563	141,224,081
Land and buildings		
Gross carrying amount at cost	26,474,862	24,398,325
Accumulated depreciation and impairment	(9,121,579)	(7,026,047)
Net carrying amount	17,353,283	17,372,278
Capital work in progress at cost	17,614,257	8,151,819
Total property, plant and equipment	147,916,103	166,748,178
Movement in property, plant and equipment		
Plant and equipment		
At 1 July net of accumulated depreciation	141,224,081	135,415,999
Transfer from capital work in progress	46,224,414	62,953,599
Disposals	(7,314,376)	(4,458,817)
Impairment write-down (refer to Note 17)	(12,401,251)	-
Depreciation charge for the year	(54,784,305)	(52,686,700)
At 30 June net of accumulated depreciation	112,948,563	141,224,081

For personal use only

16. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	2022	2021
Land and buildings		
At 1 July net of accumulated depreciation	17,372,278	17,911,488
Transfer from capital works in progress	2,076,537	1,344,375
Depreciation charge for the year	(2,095,532)	(1,883,585)
At 30 June net of accumulated depreciation	17,353,283	17,372,278
Capital work in progress		
At 1 July	8,151,819	8,565,545
Additions	60,185,474	66,730,495
Transfer to mine properties (refer to Note 17)	(898,122)	(1,687,813)
Transfer to mine capital development (refer to Note 17)	(1,523,963)	(1,158,434)
Transfer to plant and equipment	(46,224,414)	(62,953,599)
Transfer to property	(2,076,537)	(1,344,375)
At 30 June	17,614,257	8,151,819

The carrying value of plant and equipment purchase under financing arrangements at 30 June 2022 is \$34,874,588 (2021: \$43,054,511).

Assets under hire purchase contracts are pledged as security for the related interest bearing liabilities (refer to Notes 23 and 24).

17. MINE PROPERTIES AND DEVELOPMENT

	2022	2021
Development areas		
Gross carrying amount at cost	-	-
Net carrying amount	-	-
Mine properties		
Gross carrying amount at cost	363,637,652	314,945,512
Accumulated amortisation and impairment	(71,721,289)	(42,821,170)
Impairment write down	(118,667,668)	-
Net carrying amount	173,248,695	272,124,342
Mine capital development		
Gross carrying amount at cost	492,782,758	394,338,003
Accumulated amortisation	(357,761,405)	(259,126,425)
Impairment write down	(44,466,491)	-
Net carrying amount	90,554,862	135,211,578
Total mine properties and development costs	263,803,557	407,335,920
Movement in mine properties and development		
Development areas		
At 1 July	-	-
At 30 June	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

	2022	2021
Mine properties		
At 1 July net of accumulated amortisation	272,124,342	188,949,938
Additions	51,886,544	92,956,156
Transfer from capital work in progress (refer to Note 16)	898,122	1,687,813
Transfer from mine capital development	3,455,983	1,851,824
Transfer from exploration (refer to Note 18)	1,518,725	1,051,234
Decrease in rehabilitation provision	(9,067,232)	(2,157,420)
Amortisation charge for the year	(28,900,121)	(12,215,203)
Impairment write-down	(118,667,667)	-
At 30 June net of accumulated amortisation	173,248,695	272,124,342
Mine capital development		
At 1 July net of accumulated amortisation	135,211,578	109,563,191
Additions	98,653,906	89,439,356
Transfer from capital work in progress (refer to Note 16)	1,523,963	1,158,434
Transfer from exploration (refer to Note 18)	1,722,869	2,248,251
Transfer to capital development	(3,455,983)	(1,851,824)
Amortisation charge for the year	(98,634,979)	(65,345,830)
Impairment write-down	(44,466,492)	-
At 30 June net of accumulated amortisation	90,554,862	135,211,578
	2022	2021
IMPAIRMENT OF MINE PROPERTIES AND DEVELOPMENT		
Murchison CGO CGU		
Mine properties	107,892,672	-
Mine capital development	1,530,969	-
Murchison MGO CGU		
Mine properties	5,815,456	-
Mine capital development	19,833,030	-
Property Plant and Equipment (refer to Note 16)	10,637,100	-
Bryah FGO CGU		
Mine properties	4,959,539	-
Mine capital development	23,102,493	-
Property Plant and Equipment (refer to Note 16)	1,764,151	-
Impairment loss before income tax	175,535,410	-

For personal use only

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Results of impairment testing

Mine Properties and development

Westgold is a dynamic, growth oriented Western Australian gold miner and is unique in the Australian gold sector as an owner operator. Westgold's operations are comprised of:

- the Bryah Operations at Fortnum (FGO)
- the Murchison Operations at Meekatharra (MGO) and Cue (CGO)

These operations are the Cash Generating Units of the Group as they each operate independent of the other. A Cash Generating Unit (CGU) is defined as the smallest group of assets that includes the assets and generates cash flows that are largely independent of the cash inflows from other assets or group of assets.

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the VIU for each CGU has been estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs using market-based commodity price and exchange assumptions. Production and cost assumptions were derived from estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and its eventual disposal, based on the CGU latest life of mine (LOM) plans. These cash flows were discounted using a real post-tax discount rate that reflects the weighted average cost of capital of the Group.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are generated as part of the Group's planning process, including LOM plans, one-year budgets and CGU-specific studies.

This assessment is in accordance with the relevant accounting standards taking into consideration the current outlook for gold prices, increasing supply chain cost pressures including diesel fuel, consumables, labour costs and interest rates while maintaining the production, processing and recovery assumptions.

The non-cash impairment charge of \$175,535,410 (2021: \$Nil) is a result of the cost pressures described above, the Big Bell mine carrying value being significantly greater than the initial expected project development costs, the South Emu Triton and Starlight underground mines not producing the required economic returns coupled with the cessation of open pit mining.

Key Assumptions

The table below summarises the key assumptions used in the 2022 year end carrying value assessments.

Assumption	Value
Gold price (\$/oz)	A\$2,400/oz nominal
Inflation rate	2.5% per annum
Discount rate	5.5% real post tax

Gold prices

The gold price assumption of A\$2,400/oz nominal was estimated with reference to the FY23 Budget gold price which took into consideration the average hedge price for Westgold and the current spot price including ranges of external market forecasts for USD gold and FX rate based on a consensus view of market experts.

Inflation rate

The long-term inflation rate used to convert the nominal AUD gold price to real was 2.5% which is based on the RBA target for monetary policy in Australia to achieve an inflation rate within the range of 2% to 3% on average, over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Discount rate

In determining the fair value of CGU's, the future real cashflows are discounted using rates based on the Group's estimated after tax real weighted average cost of capital with a mid-point of 5.5%.

Operating and capital costs

Life of mine operating and capital cost assumption are based on the Group's latest budget and life-of-mine plans.

Sensitivity Analysis

After recognising the asset impairment and write down for the Murchison and Bryah, and using the assumption and methodology above, the recoverable value of the Murchison and Bryah have been assessed as being equal to their carrying amount at 30 June 2022.

Any variation in the key assumptions going forward will impact the recoverable value of the CGU's. If the variation in an assumption has a negative impact on recoverable value, it could indicate a requirement for additional impairment of non-current assets for either or both the Murchison and Bryah CGU's.

Murchison CGO Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate (increase or decrease) on the recoverable amount of the Murchison CGO CGU as at 30 June 2022.

Murchison CGO	Increase in key assumption \$m	Decrease in key assumption \$m
10% change in gold price (\$/oz.)	138	(138)
1% change in inflation rate	(50)	53
1% change in discount rate	(14)	14
10% change in operating cost	(92)	92

Murchison MGO Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate (increase or decrease) on the recoverable amount of the Murchison MGO CGU as at 30 June 2022.

Murchison MGO	Increase in key assumption \$m	Decrease in key assumption \$m
10% change in gold price (\$/oz.)	89	(89)
1% change in inflation rate	(19)	20
1% change in discount rate	(4)	4
10% change in operating cost	(82)	82

For personal use only

17. MINE PROPERTIES AND DEVELOPMENT (CONTINUED)

Bryah Sensitivity Analysis

It is estimated that changes in key assumptions, in isolation, would have the following approximate (increase or decrease) on the recoverable amount of the Bryah FGO CGU as at 30 June 2022

Bryah -FGO	Increase in key assumption \$m	Decrease in key assumption \$m
10% change in gold price (\$/oz.)	44	(44)
1% change in inflation rate	(10)	11
1% change in discount rate	(2)	2
10% change in operating cost	(36)	36

18. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of mining areas of interest

	2022	2021
Pre-production areas		
At cost less expenditure written off	104,577,467	89,738,936
Net carrying amount	104,577,467	89,738,936
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	89,738,936	78,874,701
Additions	18,190,290	14,249,778
Transferred to mine properties (refer to Note 17)	(1,518,725)	(1,051,234)
Transferred to mine capital development (refer to Note 17)	(1,722,869)	(2,248,251)
Expenditure written off - continuing operations	(110,165)	(86,058)
At 30 June net of accumulated impairment	104,577,467	89,738,936

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. During the year, a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Group's projects, certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. As a result, exploration and evaluation expenditure of \$110,165 (2021: \$86,058) was written off to the profit and loss. The amount relates to tenements which were written down to nil as the expenditure did not result in the discovery of commercially viable quantities of mineral resources and as a result no future benefits are expected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

19. RIGHT-OF-USE ASSETS

Group as a lessee

AASB 16 *Leases* requires the recognition of right-of-use assets for the remaining term of the current leases for office premises and the warehouse facility, as well as the power stations at the various mine sites.

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Leases of mining equipment generally have lease terms between three and seven years, while motor vehicles and buildings generally have lease terms between three and five years.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Power Stations	Premises	Mining Equipment	Total
As at 1 July 2021	4,399,668	2,033,218	826,001	7,258,887
Additions	8,632,818	3,494,392	194,339	12,321,549
Disposals	-	-	-	-
Depreciation expense	(7,282,955)	(924,880)	(557,899)	(8,765,734)
As at 30 June 2022	5,749,531	4,602,730	462,441	10,814,702

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2022	2021
As at 1 July	7,258,887	11,942,577
Additions	12,321,549	3,322,262
Disposals	-	(7,032)
Accretion of interest	271,572	347,136
Payments	(9,037,306)	(8,346,056)
As at 30 June	10,814,702	7,258,887
The following are the amounts recognised in profit or loss:		
Depreciation expense for right-of-use assets		
Included in cost of sales	8,249,706	7,482,892
Included in administration expenses (refer to Note 7)	516,028	516,028
Interest expense on lease liabilities	271,572	347,136
Less interest expense capitalised to qualifying asset	(158,195)	(347,136)
Total amount recognised in profit or loss	8,879,111	7,998,920

The interest expense of these lease liabilities has been capitalised to the qualifying assets.

For personal use only

20. TRADE AND OTHER PAYABLES

	2022	2021
Trade creditors (a)	47,637,236	44,573,485
Sundry creditors and accruals (b)	40,380,288	39,209,946
	88,017,524	83,783,431

The carrying value of trade and other payables approximates the fair value.

- (a) Trade creditors are non-interest bearing and generally on 30-day terms.
(b) Sundry creditors and accruals are non-interest bearing and generally on 30-day terms.

21. PROVISIONS (current)

	2022	2021
Provision for annual leave	10,865,164	9,262,707
Provision for long service leave	2,201,062	2,142,555
	13,066,226	11,405,262

22. PROVISIONS (non-current)

	2022	2021
Provision for long service leave	3,000,672	2,277,616
Provision for rehabilitation (a)	66,669,167	74,840,940
	69,669,839	77,118,556

(a) Provision for rehabilitation

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2030, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believe is a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

The discount rates used in the calculation of the provision as at 30 June 2022 range from 3.34% to 3.58% (2021: range from 0.90% to 1.37%). Refer to Note 3 for further detail.

(b) Current and non-current movements in provision for rehabilitation

	2022	2021
At 1 July	74,840,940	76,650,886
Adjustment due to revised conditions	(9,067,232)	(2,157,420)
Unwind of discount	895,459	347,474
At 30 June	66,669,167	74,840,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

23. INTEREST-BEARING LOANS AND BORROWINGS (current)

	2022	2021
Lease liabilities	6,004,390	5,469,969
Hire purchase arrangements	16,837,629	17,492,098
At 30 June	22,842,019	22,962,067

Represents current portion of hire purchase arrangements which have repayment terms of 36 months from inception.

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current)

	2022	2021
Lease liabilities	4,904,963	1,868,565
Hire purchase arrangements	15,212,829	20,245,206
At 30 June	20,117,792	22,113,771

Represents non-current portion of hire purchase arrangements which have repayment terms of 36 months from inception.

The weighted average interest rate is 3.91% per annum (2021: 4.16%).

Assets pledged as security:

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities:

Non-current

Hire purchase arrangements

	2022	2021
Plant and equipment	34,874,588	49,177,558
Total non-current assets pledged as security	34,874,588	49,177,558

Plant and equipment assets are pledged against liabilities for the term of the arrangement.

Future commitments in respect of interest bearing loans

Hire purchase commitments

The Company has hire purchase contracts for various items of plant and machinery. The hire purchase contracts have an average term of 36 months. Assets under hire purchase contracts are pledged as security for the related interest bearing liabilities.

Interest bearing liabilities	Minimum payments	Present value of payments
2022		
Within one year	17,721,643	16,837,629
After one year but not more than five years	15,678,760	15,212,829
Total minimum payments	33,400,403	32,050,458
Less amounts representing finance charges	(1,349,945)	-
Present value of minimum payments	32,050,458	32,050,458

For personal use only

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current) (CONTINUED)**Non-current (continued)**

Interest bearing liabilities	Minimum payments	Present value of payments
2021		
Within one year	17,938,002	17,492,098
After one year but not more than five years	20,934,589	20,245,206
Total minimum payments	38,872,591	37,737,304
Less amounts representing finance charges	(1,135,287)	-
Present value of minimum payments	37,737,304	37,737,304

Lease liabilities

AASB 16 *Leases* requires the recognition of right-of-use assets for the remaining term of the current leases for office premises and the warehouse facility, as well as the power stations and equipment at the various mine sites.

Lease liabilities	Minimum lease payments	Present value of lease payments
2022		
Within one year	6,573,483	6,004,390
After one year but not more than five years	5,879,451	4,904,963
Total minimum lease payments	12,452,934	10,909,353
Less amounts representing finance charges	(1,543,581)	-
Present value of minimum lease payments	10,909,353	10,909,353

Lease liabilities	Minimum lease payments	Present value of lease payments
2021		
Within one year	5,624,272	5,469,969
After one year but not more than five years	1,941,010	1,868,565
Total minimum lease payments	7,565,282	7,338,534
Less amounts representing finance charges	(226,748)	-
Present value of minimum lease payments	7,338,534	7,338,534

25. UNEARNED INCOME

	2022	2021
Provisional gold sales	-	-
	-	-
Movement in provisional gold sales		
At 1 July	-	198,841
Provisional gold sales at 30 June	-	(198,841)
At 30 June	-	-

This represents gold sold on provisional outturns on 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

26. ISSUED CAPITAL

	2022	2021
(a) Ordinary Shares		
Issued and fully paid	463,468,148	364,077,523
	Number	\$
(b) Movements in ordinary shares on issue		
At 1 July 2020	420,230,270	356,130,055
Issued share capital on conversion of listed options	3,694,936	8,373,750
Share issue costs, net of tax	-	(426,282)
At 30 June 2021	423,925,206	364,077,523
Issued share capital on conversion of listed options	332,332	-
Issued share capital under dividend reinvestment plan	1,365,192	2,157,835
Issued share capital	48,000,000	100,800,000
Share issue costs, net of tax	-	(3,567,210)
At 30 June 2022	473,622,730	463,468,148

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

(d) Escrow restrictions

There are no current escrow restrictions on the issued capital of the Company.

(e) Options on issue

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Type	Expiry Date	Exercise Price	Number of options
Unlisted – Tranche 4 ⁽ⁱ⁾	30/06/2023	Nil	762,080
Unlisted – Tranche 5 ⁽ⁱ⁾	30/06/2024	Nil	202,435
Unlisted – Tranche 5 ⁽ⁱ⁾	30/06/2024	Nil	1,367,993
Total			2,332,508

(i) Rights issued pursuant to the Westgold Resources Limited Employee Share and Option Plan.

For personal use only

26. ISSUED CAPITAL (CONTINUED)

(f) Option conversions

332,332 listed options were exercised during the financial year (2021: 3,694,936).

	2022	2021
(g) Capital management - gearing ratio		
Gearing ratio	7.31%	7.42%
Debt	42,959,811	45,075,838
Capital	587,767,457	607,360,307

Capital includes issued capital and all other equity reserves attributable to the equity holders of the parent for the purpose of the Group's capital management. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 30 June 2021. The Group monitors capital using a gearing ratio, which is debt divided by the aggregate of equity. The Group includes in its net debt, interest bearing loans and borrowings. The Group's policy is to keep the gearing ratio between 5% and 20%.

27. RETAINED EARNINGS (ACCUMULATED LOSSES)

	2022	2021
At 1 July	46,522,657	(30,229,223)
Net profit (loss) in current year attributable to members of the parent entity	(111,119,291)	76,751,880
Dividends paid	(8,482,619)	-
At 30 June	(73,079,253)	46,522,657

28. RESERVES

	Share-based payments reserve	Equity reserve	Total
At 30 June 2020	14,466,364	181,493,631	195,959,995
Share-based payments	800,132	-	800,132
At 30 June 2021	15,266,496	181,493,631	196,760,127
Share-based payments	618,435	-	618,435
At 30 June 2022	15,884,931	181,493,631	197,378,562

Equity reserve

This reserve relates to the intercompany loans with Metals X Ltd written off on demerger of the Group and includes tax consolidated adjustments.

Share-based payments reserve

This reserve is used to recognise the fair value of options issued to employees in relation to equity-settled share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

29. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for services received during the year is shown in the table below:

	2022	2021
Expense arising from equity-settled share-based payments	618,435	800,132

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2022, 2021, 2020 and 2019.

(b) Transactions settled using shares

There were no transactions settled using shares in the year ending 30 June 2022.

(c) Employee share and option plan

Under the Employee Share and Option Plan (ESOP), grants are made to senior executives and other staff members who have made an impact on the Group's performance. ESOP grants are delivered in the form of share options or performance rights which vest over periods as determined by the Board of Directors.

(d) Share options and performance rights

Zero Exercise Price Options (ZEPO)

Unlisted employee options are issued to senior management under the Employee Share Option Plan, the principal terms being:

- The Employee Options have been issued for nil consideration;
- Each Employee Option carries an entitlement to one fully paid ordinary share in the Company for each Employee Option vested;
- Vesting only occurs after the end of the Performance Periods (30 June 2020 and 30 June 2021) and the number of Employee Options that vest (if any) will depend on:
 - Growth in Return on Capital Employed over the Performance Periods (ROCE) (50%); and
 - Total Shareholder Return relative to the S&P/All Ordinaries Gold Index over the Performance Periods (50%).
- Unvested Employee Options lapse on cessation of a holder's employment with Westgold;
- Any Employee Options that do not vest after the end of the Performance Periods will automatically lapse; and
- No amount is payable by a holder of Employee Options in respect of the shares allocated upon vesting of the Employee Option.

Performance Rights (Rights)

Unlisted Employee Performance Rights are issued to senior management under the Employee Share Option Plan, the principal terms being:

- The Performance Rights have been issued for nil consideration.
- Exercise Price of a Performance Right is nil
- The Performance Rights measurement date is 31 March 2023 and 31 March 2024
- The Performance Rights are subject to defined Performance Conditions
 - Growth in Relative Total Shareholder Return (RTSR) (25%);
 - Growth in Absolute Total Shareholder Return (ATSR) (25%);
 - Growth in Absolute Earnings Per Share (EPS) (25%); and
 - Operational Growth (25%).
- Subject to the terms contained in this Offer, the Performance Rights will not be transferable in whole or in part (except, in the case of the Performance Right holder's death, by his or her legal personal representative).
- The Company will issue fully paid ordinary Shares ranking pari passu with the issued ordinary shares once the Performance Rights have vested.
- The Company will apply for listing on the ASX of the resultant Shares of the Company issued upon vesting of any Performance Rights.
- A Performance Rights holder cannot participate in dividends or bonus issues, with respect to those Performance Rights, unless those Performance Rights are vested.

For personal use only

29. SHARE-BASED PAYMENTS (CONTINUED)

(d) Share options and performance rights (continued)

- A Performance Rights holder does not have any right to participate in new issues of securities in the Company made to shareholders with respect to those Performance Rights.
- The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- No amount is payable by a holder of Performance Rights in respect of the shares allocated upon vesting of the Performance Rights.

Summary of options and rights granted under the Employee Share and Option Plan

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Outstanding at the beginning of the year	2,213,898	0.00	5,107,698	1.64
Granted during the year	2,128,138	0.00	1,520,181	0.00
Exercised during the year	(205,768)	0.00	(3,694,936)	2.29
Lapsed/forfeited during the year	(1,677,196)	0.00	(719,045)	0.00
Outstanding at the year end	2,459,072	0.00	2,213,898	0.00
Exercisable at the year end	-	0.00	-	0.00

The following table represents the outstanding balance as at 30 June 2022:

Grant Date	Vesting date	Expiry date	Exercise price	Number of Options / Rights	Options lapsed / forfeited	Options /Rights Issued / (exercised)	Number of Options / Rights at end of the year	
							On issue	Vested
ZEPO - Tranche 2								
10/05/2019	30/06/2021	30/06/2023	\$0.00	205,768	-	(205,768)	-	205,768
ZEPO - Tranche 3								
07/05/2020	30/06/2022	30/06/2022	\$0.00	153,810	(153,810)	-	-	-
07/05/2020	30/06/2022	30/06/2022	\$0.00	367,820	(241,256)	(126,564)	-	126,564
Rights - Tranche 4								
24/11/2020	30/06/2023	30/06/2023	\$0.00	233,506	(233,506)	-	-	-
24/11/2020	30/06/2023	30/06/2023	\$0.00	1,252,994	(490,914)	-	762,080	-
Rights - Tranche 5								
11/10/2021	30/06/2024	30/06/2024	\$0.00	-	-	202,435	202,435	-
11/10/2021	30/06/2024	30/06/2024	\$0.00	-	(557,710)	1,925,703	1,367,993	-
Total				2,213,898	(1,677,196)	1,795,806	2,332,508	332,332

Weighted average remaining contractual life of share-based payments

The weighted average remaining contractual life for the share-based payments outstanding as at 30 June 2022 is 1.68 years (2021: 1.76 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

29. SHARE-BASED PAYMENTS (CONTINUED)

(d) Share options and performance rights (continued)

Range of exercise price of share-based payments

The range of exercise price for share-based payments outstanding at the end of the year is \$0.00 (2021: \$0.00).

Weighted average fair value of share-based payments

The weighted average fair value of share-based payments granted during the year was \$1.43 (2021: \$1.77).

Valuation of share-based payments

The fair value of the equity-settled share-based payments granted under the ESOP is estimated at the date of grant using either a Black & Scholes or a Monte Carlo model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date, historical and expected dividends and the expected life of the option or right, and the probability of fulfilling the required hurdles.

- Tranche 3 Options vest subject to performance hurdles, measured for the period 1 July 2019 to 30 June 2022
- Tranche 4 Rights vest subject to performance hurdles, measured for the period 1 July 2020 to 30 June 2023
- Tranche 5 Rights vest subject to performance hurdles, measured for the period 1 July 2021 to 30 June 2024

The following table gives the assumptions made in determining the fair value of the rights granted in Tranche 5.

Grant date	11/10/2021	11/10/2021	11/10/2021	11/10/2021
	RTSR	ATSR	AEPS	Operational Growth
Expected volatility (%)	54%	54%	54%	54%
Risk-free interest rate (%)	0.24%	0.24%	0.24%	0.24%
Expected life of options (years)	2.7	2.7	2.7	2.7
Options exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00
Share price at grant date (\$)	\$1.84	\$1.84	\$1.84	\$1.84
Fair value at grant date (\$)	\$1.20	\$0.95	\$1.79	\$1.79

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of the Company's share price over a three-year period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

For personal use only

30. COMMITMENTS

(a) Capital commitments

At 30 June 2022, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

	2022	2021
- Within one year	17,715,233	19,360,999

(b) Mineral tenement lease commitments

The Company has commercial leases over the tenements in which the mining operations are located. These tenement leases have a life of between six months and twenty-one years. In order to maintain current rights to explore and mine the tenements, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts.

	2022	2021
Mineral tenement leases:		
- Within one year	4,395,253	4,158,593
- After one year but not more than five years	17,132,795	16,361,419
- After more than five years	23,423,341	25,743,066
	44,951,389	46,263,078

(c) Other commitments

The Group has obligations for various expenditures such as royalties, production-based payments and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

	2022	2021
Royalties paid under contractual arrangements	23,537,397	21,922,481

31. CONTINGENT ASSETS AND LIABILITIES

(i) Bank guarantees and rental deposits

The Group has a number of bank guarantees and rental deposits in favour of various government authorities and service providers. These primarily relate to office leases and environmental and rehabilitation bonds at the various projects. The total amount of these guarantees at the reporting date is \$1,930,033 (2021: \$1,149,449). The bank guarantees are fully secured by term deposits (refer to Note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

32. AUDITOR'S REMUNERATION

	2022	2021
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	282,825	280,800
Fees for other assurance and agreed upon procedures services and other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	-	3,640
Fees for other services:		
- Tax compliance	2,200	22,174
Total auditor's remuneration	285,025	306,614

33. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments determined by the location of the mineral being mined or explored, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable segments

The Group comprises the following reportable segments

Reference	Segment	Nature
FGO	Bryah Operations	Mining, treatment, exploration and development of gold assets
MGO & CGO	Murchison Operations	Mining, treatment, exploration and development of gold assets
Other	Other	Exploration and development of other mineral assets and contract mining services

General

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, certain income and expenses (see below) are managed on a consolidated basis and are not allocated to operating segments. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Unallocated income and costs

Finance income and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis. Corporate charges comprise non-segmental expenses such as head office expenses and interest costs. Corporate charges are not allocated to operating segments. Refer to reconciliation segment results to consolidated results.

For personal use only

33. OPERATING SEGMENTS (CONTINUED)

Other disclosures

Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation expenditure including assets from the acquisition of subsidiaries.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2022 and 30 June 2021.

	Murchison	Bryah	Other	Total
Year ended 30 June 2022				
External revenue				
Sale of gold at spot	247,763,992	88,966,408	-	336,730,400
Sale of gold under forward contracts	241,594,540	69,251,678	-	310,846,218
Mining and contracting services	-	-	-	-
Total segment revenue	489,358,532	158,218,086	-	647,576,618
Results				
Depreciation and amortisation	(143,564,220)	(48,725,750)	(890,699)	(193,180,669)
Exploration and evaluation expenditure written off	(89,016)	(21,149)	-	(110,165)
Segment profit (loss) before impairment	9,462,740	17,702,894	(1,398,659)	25,766,975
Total assets	557,446,050	73,580,723	44,059	631,070,832
Total liabilities	(167,705,275)	(35,871,982)	(42,705)	(203,619,962)
Capital expenditure	(201,562,547)	(37,456,499)	-	(239,019,046)
Year ended 30 June 2021				
External revenue				
Sale of gold at spot	288,031,479	98,856,950	-	386,888,429
Sale of gold under forward contracts	142,408,449	41,804,251	-	184,212,700
Mining and contracting services	-	-	69,069	69,069
Total segment revenue	430,439,928	140,661,201	69,069	571,170,198
Results				
Depreciation and amortisation	(107,864,453)	(31,413,778)	(852,009)	(140,130,240)
Exploration and evaluation expenditure written off	(76,635)	(9,423)	-	(86,058)
Segment profit (loss)	72,773,776	42,842,540	(335,687)	115,280,629
Total assets	617,171,498	123,621,044	32,465	740,825,007
Total liabilities	(174,222,689)	(36,025,281)	(14,632)	(210,262,602)
Capital expenditure	(228,372,804)	(37,817,451)	-	(266,190,255)

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

33. OPERATING SEGMENTS (CONTINUED)

(a) Reconciliation of profit (loss)

	2022	2021
Segment profit (loss)	25,766,975	115,280,629
Corporate administration expenses	(12,967,460)	(9,828,782)
Corporate interest income	266,150	334,738
Corporate other income	3,080,833	1,957,496
Net gain (loss) on fair value changes of financial assets	(2,014,040)	5,202,140
Net gain (loss) on disposal of assets	1,316,434	(1,053,154)
Impairment of mine properties and property plant and equipment	(175,535,410)	
Total consolidated profit (loss) from continuing operations before income tax	(160,086,518)	111,893,067
(b) Reconciliation of assets		
Segment operating assets	631,070,832	740,825,007
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	181,738,509	149,545,568
Trade and other receivables	458,822	57,478
Prepayments	912,144	700,969
Other financial assets	1,326,174	795,590
Financial assets (equity investments)	6,799,309	6,423,091
Property, plant and equipment	1,374,246	1,106,052
Right-of-use assets	3,494,538	516,175
Total consolidated assets	827,174,574	899,969,930
(c) Reconciliation of liabilities		
Segment operating liabilities	203,619,962	210,262,602
<i>Unallocated corporate liabilities</i>		
Trade and other payables	4,045,805	3,914,097
Provision for employee benefits	2,482,343	2,644,100
Interest-bearing loans and borrowings	3,565,290	562,288
Deferred tax liability	25,693,717	75,226,536
Total consolidated liabilities	239,407,117	292,609,623
(d) Segment revenue from external customers		
Segment revenue	647,576,618	571,170,198
Total revenue	647,576,618	571,170,198

For personal use only

33. OPERATING SEGMENTS (CONTINUED)

Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2022	2021
Australia	647,576,618	571,170,198
Total revenue	647,576,618	571,170,198

The Group has two customers to which it sells gold and each account for 52% and 48% of this external revenue respectively (2021: 68% and 32%).

(e) Segment non-current assets are all located in Australia.

34. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

		Appointed	Resigned
(i) Non-Executive Directors (NEDs)			
Hon. CL Edwardes AM	Non-Executive Chair	28/03/2022	-
WC Bramwell	Non-Executive Director	03/02/2020	31/07/2021
FJ Van Maanen	Non-Executive Director	06/10/2016	-
GR Davison	Non-Executive Director	01/06/2021	-
JL Matthys	Non-Executive Director	28/03/2022	-
PG Cook	Non-Executive Chair	01/08/2021	28/03/2022
PB Schwann ¹	Non-Executive Director	02/02/2017	-
(ii) Executive Directors			
WC Bramwell	Executive Director	01/08/2021	23/05/2022
WC Bramwell	Managing Director	24/05/2022	-
PG Cook	Executive Chair	19/03/2007	31/07/2021
(iii) Other Executives (KMPs)			
SH Heng	Chief Financial Officer	02/08/2021	-
PW Wilding	A/Chief Operating Officer	24/05/2022	-
L Smith	Company Secretary	30/12/2019	-
DA Fullarton	Chief Executive Officer	01/07/2020	24/05/2022
A Buckingham	Chief Operating Officer	01/10/2019	24/05/2022

1. PB Schwann resigned as an Independent Non-Executive Director on 26 July 2022.

There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

34. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Compensation of Key Management Personnel

	2022	2021
Short term benefits	2,664,040	2,470,589
Other fees	14,373	135,820
Termination payments	728,876	-
Post-employment benefits	208,138	129,445
Other long-term benefits	40,498	41,250
Share-based payment	(130,843)	441,116
	3,525,082	3,218,220

(c) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

(d) Interest held by Key Management Personnel under the Long-Term Incentive Plan

Performance Rights held by key management personnel under the long-term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price \$	2022	2021
10/05/2019	30/06/2023	0.00	-	56,530
07/05/2020	30/06/2022	0.00	-	275,003
24/11/2020	30/06/2023	0.00	166,071	639,121
11/10/2021	30/06/2024	0.00	501,470	-
Total			667,541	970,654

35. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements of the Group include Westgold Resources Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest	
		2022	2021
Aragon Resources Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Westgold Mining Services Pty Ltd ¹	Australia	100%	100%

1. Previously Minterra Pty Ltd

For personal use only

35. RELATED PARTY DISCLOSURES (CONTINUED)**(b) Ultimate parent**

Westgold Resources Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 34.

(d) Transactions with related parties

	2022	2021
Services provided by Westgold Resources Limited to Castile Resources Ltd	4,967	14,000
Amount owing by Castile Resources Ltd at 30 June	490	4,730
Services provided to Westgold Resources Limited by Castile Resources Ltd	-	(104,869)
Amount owing by Westgold Resources Ltd at 30 June	-	(12,286)

PG Cook was the non-executive chair of Castile Resources Ltd during the financial period.

There were no other related party transactions for the year ending 30 June 2022.

36. INFORMATION RELATING TO WESTGOLD RESOURCES LIMITED (THE PARENT ENTITY)

	2022	2021
Current assets	184,435,649	151,099,603
Total assets	462,571,498	378,493,869
Current liabilities	6,680,412	7,115,222
Total liabilities	10,093,436	7,120,484
Issued capital	463,468,149	364,077,524
Retained earnings (accumulated losses)	(31,431,802)	(12,527,418)
Share-based payments reserve	15,884,932	15,266,496
Other reserves	4,556,783	4,556,783
Total Equity	452,478,062	371,373,385
Profit (loss) of the parent entity ¹	(11,379,797)	(21,867,361)
Total comprehensive profit of the parent entity	(11,379,797)	(21,867,361)

1. Includes \$27m elimination of intercompany receivable on sale of subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

36. INFORMATION RELATING TO WESTGOLD RESOURCES LIMITED (THE PARENT ENTITY) (CONTINUED)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, Westgold and its wholly owned subsidiaries entered into a deed of cross guarantee on 28 November 2016 (the Guarantee). The effect of the Guarantee is that Westgold has guaranteed to pay any deficiency in the event of winding up of any controlled entity which is a party to the Guarantee or if they do not meet their obligations under the terms of any debt subject to the Guarantee. The controlled entities which are parties to the Guarantee have given a similar guarantee in the event that Westgold is wound up or if it does not meet its obligations under the terms of any debt subject to the Guarantee.

The Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income for the closed group is not different to the Group's Statement of Financial Position and Statement of Comprehensive Income.

Other contingent liabilities of the parent entity	Nil
Contractual commitments by the parent entity for the acquisition of property, plant or equipment	Nil

37. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events after the balance date.

38. ACCOUNTING STANDARDS

New and amended standards and interpretations

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2021. The accounting policies adopted are consistent with those of the previous financial year.

Several new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2021 but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

For personal use only

DIRECTORS' DECLARATION

for the year ended 30 June 2022

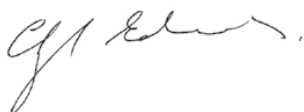
In accordance with a resolution of the Directors of Westgold Resources Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2022 and of their performance for the year ended on that date; and
 - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b) and;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee identified in Note 36.

On behalf of the Board.



Hon. Cheryl L Edwardes AM
Non-Executive Chair

Perth, 25 August 2022

INDEPENDENT AUDITOR'S REPORT



Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Westgold Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

TH:LT:WGX:009

For personal use only

1. Impairment assessment of non-current assets

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2022, the Group had non-current assets of \$422,534,362 comprising capitalised development and mine properties expenditure, property, plant and equipment and right of use assets (refer to Notes 16, 17 and 19 of the financial report).</p> <p>At the end of each reporting period, the Group exercises judgment in determining whether there is any indication of impairment of these assets. If any such indicators exist, the Group estimates the recoverable amount of the applicable assets. The Group assessed whether any indicators of impairment were present at 30 June 2022 and concluded that an indicator or indicators of impairment were present in respect of its Murchison CGO, Murchison MGO and Bryah FGO cash generating units (CGUs). An impairment loss of \$109,423,641 for the Murchison CGO CGU, \$36,285,586 for the Murchison MGO CGU and \$29,826,183 for the Bryah FGO CGU was recognised for the year ended 30 June 2022 (refer to Note 17 of the financial report).</p> <p>We considered this to be a key audit matter because of the:</p> <ul style="list-style-type: none"> ▶ Significant judgment involved in determining whether indicators of impairment were present. ▶ Significant judgment and estimates involved in the determination of the recoverable amount of the CGUs, including assumptions relating to future gold prices, operating and capital costs, the discount rate used to reflect the risks associated with the forecast cash flows having regard to the current status of the CGUs and the reserves and resources included in the life of mine plans. 	<p>We evaluated the Group's assessment as to the presence of any indicators of impairment. Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Comparison of the Group's market capitalisation relative to its net assets. ▶ Reading operational reports, board reports, minutes and market announcements. ▶ Consideration of changes to reserves and resources and other macro-economic factors including the gold price and discount rates. <p>Our audit procedures related to the impairment assessment made by the Group following the identification of impairment indicators included the following:</p> <ul style="list-style-type: none"> ▶ Ensured the Group's impairment methodology was in accordance with the requirements of Australian Accounting Standards. ▶ Evaluated the assumptions and methodologies used by the Group, in particular, those relating to forecast cash flows, including the inputs used to formulate them. This included assessing, with involvement from our valuation specialists, where appropriate, the gold prices with reference to market prices (where available), market research, market practice, market indices, broker consensus, historical performance, discount rates and resource valuation multiples. ▶ Tested the mathematical accuracy of the Group's discounted cash flow impairment models and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the latest Board approved budgets and life of mine plans (as appropriate). ▶ Assessed the work of the Group's internal experts with respect to the capital and operating assumptions used in the cash flow forecasts. We also considered the competence, qualifications and objectivity of the experts and assessed whether key capital and operating expenditure assumptions were consistent with information in Board reports and releases to the market. ▶ Assessed the work of the Group's experts with respect to the reserve and resource assumptions used in the cash flow forecasts. This included understanding the estimation process. We also examined the competence, qualifications and objectivity of the Group's

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

continued



Page 3

Why significant	How our audit addressed the key audit matter
	<p>experts, and assessed whether key economic assumptions were consistent with those used elsewhere in the financial report.</p> <ul style="list-style-type: none"> ▶ Assessed the impact of a range of sensitivities to the economic assumptions underpinning the Group's impairment assessment. ▶ Assessed the adequacy of the Group's disclosures in the financial report relating to impairment.

2. Amortisation of mine properties and development costs

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2022 the Group had capitalised mine properties and development costs amounting to \$263,803,557 (refer to Note 17 of the financial report).</p> <p>As disclosed in Note 3 of the financial report, these costs are amortised on a units of production basis, based on production during the period and an estimate of the remaining reserves and resources to be mined.</p> <p>The amortisation calculations require considerable judgement and estimation in relation to the estimated reserves and resources (used as the denominator in a "actual tonnes mined" calculation) of the mines and the estimate of future costs (included in the numerator in a "actual tonnes mined" calculation) required to extract these reserves and resources for each underground mine.</p> <p>Accordingly, this creates a risk the amortisation rates are inappropriate, resulting in an expense profile that does not reflect the pattern of consumption of the assets' future economic benefits.</p> <p>This was considered to be a key audit matter due to the judgment and estimation involved.</p>	<p>We evaluated the assumptions and methodologies used by the Group in their calculations of amortisation of capitalised mine properties and development costs.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the qualifications, competence and objectivity of the Group's internal experts, the work of whom, formed the basis of the Group's estimates on the reserves and resources and the future costs used in the amortisation calculations. ▶ Assessed the application of reserves and resources in the amortisation models by comparing them to the latest published statement and underlying mining records. ▶ Assessed the reasonableness of the future costs included in the amortisation calculations with reference to historical costs incurred and the mine plans approved by the Group's internal experts. ▶ Evaluated the consistency of application of the Group's amortisation methodology on its capitalised mine properties and development assets across the mine sites. ▶ Tested the mathematical accuracy of the amortisation models. ▶ Assessed the adequacy of the Group's disclosures in the financial report relating to amortisation.

3. Rehabilitation and restoration provisions

Why significant	How our audit addressed the key audit matter
<p>As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the environment at its mine sites. Rehabilitation activities are governed by local legislative requirements. As at 30 June 2022 the Group's consolidated statement of financial position includes provisions of \$66,669,167</p>	<p>We evaluated the assumptions and methodologies used by the Group in determining their rehabilitation obligations. Our audit procedures included the following:</p>

A member firm of Ernst & Young Global Limited
 Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



Why significant	How our audit addressed the key audit matter
<p>in respect of such obligations (refer to Note 22 of the financial report).</p> <p>Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as timing of the rehabilitation, the costs associated with the rehabilitation activities and economic assumptions such as discount rates and inflation rates.</p> <p>Accordingly, this was considered to be a key audit matter.</p>	<ul style="list-style-type: none"> ▶ Assessed the qualifications, competence and objectivity of the Group's experts, the work of whom, formed the basis of the Group's rehabilitation cost estimates. ▶ With the assistance of our subject matter specialists, we assessed the appropriateness of the rehabilitation cost estimates ▶ Tested the Group's calculation of the present values of the rehabilitation liabilities considering the estimated timing of when the cash flows will be incurred by reference to the most appropriate inflation and discount rates. ▶ Assessed the adequacy of the Group's disclosures in the financial report relating to rehabilitation obligations.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report other than the financial report and our auditor's report thereon. We obtained the corporate directory, the directors' report and the letter from the chair that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

continued



Page 5

going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Westgold Resources Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

T S Hammond
Partner
Perth
25 August 2022

SHAREHOLDER INFORMATION

as at 19 September 2022

(A) TOP 20 QUOTED SHAREHOLDERS

	Name	Units	% Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	201,353,227	42.51
2	CITICORP NOMINEES PTY LIMITED	59,435,213	12.55
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	46,818,126	9.89
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	27,196,563	5.74
5	BNP PARIBAS NOMS PTY LTD <DRP>	18,049,724	3.81
6	MR COLIN PETROULAS	7,125,000	1.50
7	NATIONAL NOMINEES LIMITED	6,122,550	1.29
8	AJAVA HOLDINGS PTY LTD	6,003,812	1.27
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,989,320	1.05
10	MR RICHARD FARLEIGH	4,578,597	0.97
11	MR PETER GERARD COOK	2,727,848	0.58
12	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	2,259,717	0.48
13	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	2,085,954	0.44
14	SUN HUNG KAI INVESTMENT SERVICES LIMITED <CLIENT A/C>	2,000,000	0.42
15	UBS NOMINEES PTY LTD	1,953,854	0.41
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,786,128	0.38
17	ALL-STATES FINANCE PTY LIMITED	1,711,670	0.36
18	AJAVA HOLDINGS PTY LTD	1,545,536	0.33
19	DEBORTOLI WINES PTY LIMITED	1,421,111	0.30
20	OAKSOUTH PTY LTD	1,191,250	0.25

(B) DISTRIBUTION OF QUOTED ORDINARY SHARES

Range (size of parcel)	Total holders	Units
1-1,000	2,715	1,380,133
1,001 - 5,000	3,164	8,232,727
5,001 - 10,000	1,003	7,646,708
10,001 - 100,000	1,210	31,254,195
100,001 Over	123	425,108,967
TOTAL	8,215	473,622,730

(C) NUMBER OF HOLDERS WITH LESS THAN A MARKETABLE PARCEL OF ORDINARY SHARES

Total unmarketable parcels at \$500 parcel at \$0.8200 per unit	610	552,668
---	------------	----------------

For personal use only

(D) SUBSTANTIAL SHAREHOLDERS

	Number of Shares	%
Ruffer (London)	35,290,111	7.45
L1 Capital (Melbourne)	32,818,175	6.93
Global Alpha Capital Management (Montreal)	32,277,129	6.81
Invesco (Oppenheimer Funds) (New York)	26,648,560	5.63

* As at 6 September 2022

(E) VOTING RIGHTS

The voting rights for each class of security on issue are:

Ordinary Fully Paid Shares

- Each ordinary shareholder is entitled to one vote for each share held.

Unquoted Employee Options

- The holders of options have no rights to vote at a general meeting of the Company.

(F) UNQUOTED EQUITY SECURITIES

ASX Code	Security Description	Number of Securities
WGXAE	Performance Rights Expiring 30 June 2023	762,080
WGXAF	Performance Rights Expiring 30 June 2024	1,570,428
TOTAL		2,332,508

CORPORATE DIRECTORY

DIRECTORS

Hon. Cheryl L Edwardes AM (Non-Executive Chair)
Wayne C Bramwell (Managing Director)
Fiona J Van Maanen (Non-Executive Director)
Gary R Davison (Non-Executive Director)
Julius L Matthys (Non-Executive Director)

COMPANY SECRETARY

Lisa Smith
Susan Park (Joint Company Secretary)

SENIOR EXECUTIVES

Su Hau Heng (Chief Financial Officer)
Phillip Wilding (A/Chief Operating Officer)

REGISTERED OFFICE

Level 6, 200 St Georges Terrace
Perth WA 6000

Phone: +61 8 9462 3400
Email: reception@westgold.com.au

Website: www.westgold.com.au

POSTAL ADDRESS

PO Box 7068
Cloisters Square
WA 6850

SECURITIES EXCHANGE

Listed on the Australian Securities Exchange
ASX Code: WGX

SHARE REGISTRY

Computershare Investors Services Pty Ltd

Level 11, 172 St Georges Terrace
Perth WA 6000

Phone: +61 3 9415 4000
Fax: +61 3 6473 2500

Website: www.computershare.com

DOMICILE AND COUNTRY OF INCORPORATION

Australia

ABN

ABN 60 009 260 306

For personal use only

**EXHIBIT C TO Appendix L
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table of Contents

Management's Discussion and Analysis for the Three and Nine Months Ended March 31, 2024	L-C-2
Management's Discussion and Analysis for the Twelve Months Ended June 30, 2023	L-C-38
Management's Discussion and Analysis for the Twelve Months Ended June 30, 2022	L-C-63

For personal use only



MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Nine Months Ended 31 March 2024

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	1
HIGHLIGHTS Q3 FY24.....	2
Introduction.....	2
Key Growth Highlights	3
Other Corporate Highlights.....	4
DESCRIPTION OF BUSINESS.....	4
Business Values.....	5
ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG).....	5
Clean Energy Transition (CET) Project.....	6
Our People, Safety, Health, and the Environment	6
OVERALL PERFORMANCE AND OPERATING RESULTS Q3 FY24	8
Operating Data	8
Q3 FY24 Group Performance	8
Exploration and studies	10
Operating Costs	10
Capital Expenditure	11
Bryah Operation Review	11
Murchison Operations Review	14
EXPLORATION	20
FINANCIAL RESULTS	23
Income Statement	23
Financial Position at 31 March 2024	25
Gold Hedging	25
Dividend Policy	25
Liquidity and Capital Resources	26
OUTLOOK.....	28
Guidance	28
OUTSTANDING SHARE DATA	28
Off-Balance Sheet Arrangements.....	28
Transactions Between Related Parties	28
Proposed Transactions.....	29
Subsequent Events	29
Critical Accounting Policies and Estimates	29
Non-IFRS Measures.....	30
Cautionary Statement Regarding Forward Looking Information	30
Cautionary Note to U.S. Readers Regarding Estimates of Resources	32
Qualified Persons & Disclosure of Technical Information.....	33
Cautionary Statement Regarding Risks	33

FIGURES

Figure 1: Westgold Production (oz), Achieved Gold Price and AISC (\$/oz) 3
Figure 2: Fifth consecutive quarter of Cash, Bullion and Liquids build (\$M)..... 3
Figure 3: Westgold continues to improve its TRIFR, which in Q3 FY24 dropped to 7.30/million hours worked 7
Figure 4: Westgold Monthly AISC (\$'m) & (\$/oz) 11
Figure 5: Westgold's Bryah Operation..... 12
Figure 6: Bryah Gold Production and AISC 13
Figure 7: Murchison Gold Production and AISC 15
Figure 8: Westgold's Murchison Operation 16
Figure 9:: FY24 Priority exploration targets 22

TABLES

Table 1: Westgold's Operating Performance 8

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") represents significant factors and information management deems essential for understanding the consolidated financial condition and operational performance of Westgold Resources Limited and its subsidiaries ("**Westgold**" or the "**Company**") and of the Consolidated Entity, being the Company and its controlled entities (the "**Group**"), for the three months and nine months ended 31 March 2024. This MD&A should be read alongside the Company's Unaudited Interim Condensed Financial Report for the three months ("**Q3 FY24**") and nine months ("**YTD FY24**") ended 31 March 2024, the Quarterly Activity Reports lodged with the Australian Securities Exchange ("**ASX**") and the Audited Consolidated Financial Report for the year ended 30 June 2023. The Audited Consolidated Financial Report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("**AASB**"), which also comply with International Financials Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The Unaudited Interim Condensed Financial Report have been prepared in accordance with AASB 134 *Interim Financial Reporting*. This MD&A includes certain forward-looking statements, with reference made to the "Cautionary Statement Regarding Forward-Looking Information" located at the end of this document.

For the purpose of preparing this MD&A, management, together with the Company's board of directors, regards information as material if:

- (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or
- (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Additional information related to the Company, can be viewed on the ASX website (www.asx.com.au) and the Company's website (www.westgold.com.au).

This MD&A includes certain non-IFRS measures. The Company believes that these measures provide investors with enhanced ability to evaluate the underlying performance of the Company. Non-IFRS measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. Non-IFRS measures do not have any standardised meaning prescribed under IFRS, and therefore they may not be comparable to similar measures presented by other issuers.

All dollar figures stated herein are expressed in Australian dollars ("**AUD**") and Millions of dollars are expressed in ("**M**"), except for per share or per ounce amounts or unless otherwise specified. Information contained herein is presented as at 31 March 2024, unless otherwise indicated. The issue date of this MD&A is 14 June 2024.

HIGHLIGHTS Q3 FY24

Introduction

Westgold operates across the Murchison and Bryah regions of Western Australia. The Murchison Operations incorporates three underground mines (Big Bell, Fender and Bluebird) and two processing hubs (Tuckabianna Processing Hub and Bluebird Processing Hub) and the Bryah Operations incorporates one underground mine (Starlight) and one Processing Hub (Fortnum Processing Hub).

- **Production:** Gold produced in **Q3 FY24 of 52,100oz** was lower than the three months ended 31 December 2023 (“**Q2 FY24**”) of 59,238oz predominantly due to weather issues and the cessation of mining at Paddy’s Flat. **YTD FY24 Production of 174,443oz** was slightly below the previous nine months ended 31 March 2022 (“**YTD FY23**”) production of 188,740oz, again largely driven by weather issues and reduced mining activity from the closure of Paddy’s Flat.
- **Revenue:** In **Q3 FY24, 47,035oz** of gold was sold at an achieved gold price of **\$3,137/oz** generated **\$148M** in revenue. This was lower than the \$182M generated in Q2 FY24, in which 59,961oz were sold at an achieved gold price of \$3,041/oz. The difference in revenue was predominately due to the increase in bullion on hand at the end of **Q3 FY24 of \$33M** compared to Q2 FY24 of \$13M and lower production in Q3 FY24. Revenue for **YTD FY24 of \$511M** is higher than YTD FY23 of \$475M due to Westgold being free of any fixed forward sales contracts and continuing to be favorably exposed to the elevated spot prices.
- **Production and Processing Costs:** Total ore processed in **Q3 FY24 – 865,720t** (Q2 FY24 – 871,721t) at an average grade of **2.1g/t Au** (Q2 FY24 – 2.4g/t Au). Group All-In Sustaining Costs (“**AISC**”) in **Q3 FY24 of \$130M** decreased quarter on quarter by \$3M (Q2 FY24 – \$133M). The decrease was driven predominantly by the slowdown in mining at Paddy’s Flat, with Paddy’s Flat transitioning to an exploration phase in Q3 FY24, along with the cost savings associated with the new power plants starting to be realised. These benefits were offset by higher stockpile drawdown, unplanned mill maintenance associated with the crusher failures at the Tuckabianna Processing Hub and Fortnum Processing Hubs and sustaining capital associated with the existing operating underground mines.
- **Cash Costs per Ounce Produced:** The average for **Q3 FY24 of \$2,091/oz** is higher compared to Q2 FY24 of \$1,853/oz. This was mainly driven by the timing of H1 FY24 bonus payments and salaries back payment as part of the remuneration and benefits strategy that was discussed in Q2 FY24 and the lower production of **52,100oz** in Q3 FY24. The average for **YTD FY24 of \$1,853/oz** is slightly below the prior YTD FY23 average of \$1,861/oz.
- **AISC per Ounce Produced:** The AISC for **Q3 FY24 of \$2,492/oz** increased from Q2 FY24 of \$2,245/oz due to lower production as a result of rainfall events, the cessation of mining at Paddy’s Flat and crusher faults at the Fortnum Processing Hub and Tuckabianna Processing Hub. Weather impacted all mines and mills to varying degrees, limiting road access and causing haulage delays across surface and underground operations. After considered assessment of options that could be fast tracked to recover lost Q3 FY24 production, the Company took the conservative approach of revising its financial year ending 30 June 2024 (“**FY24**”) production guidance on 3 April 2024 to 220,000 – 230,000 ounces at an AISC of \$2,100 – \$2,300/oz.

- Mine Operating Cash Flow:** With the achieved gold price in **Q3 FY24 of \$645/oz over AISC** (Q2 FY24 – 796oz/over AISC). Westgold’s operations generated **\$34M** of mine operating cashflows in Q3 FY24.

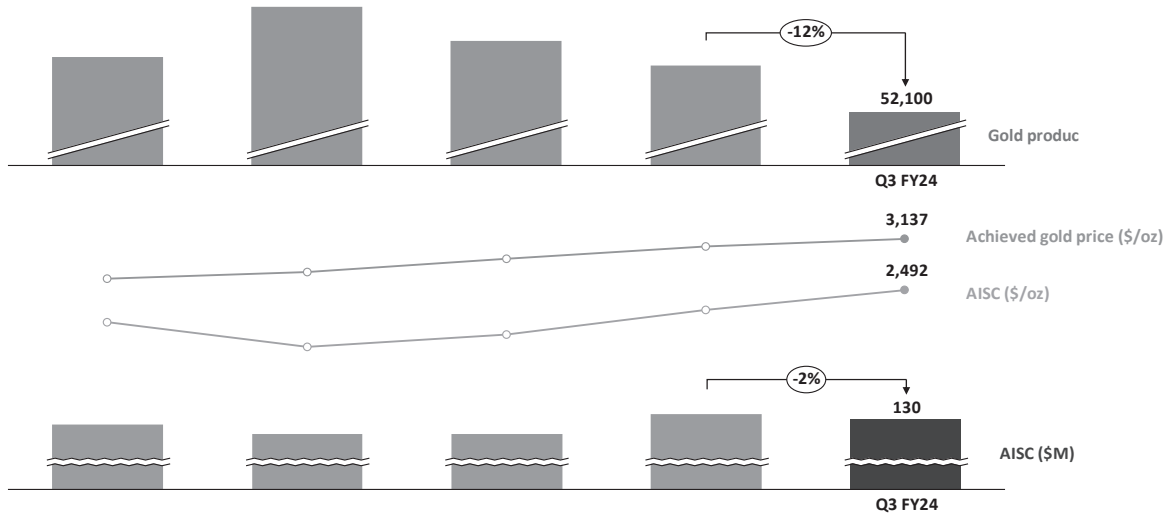


Figure 1: Westgold Production (oz), Achieved Gold Price and AISC (\$/oz)

- Cash and Bullion:** Westgold added in **Q3 FY24 \$9M** in cash and bullion, closing the quarter with **\$247M**. This marks the fifth consecutive quarter of cash build, demonstrating consistent positive financial performance by Westgold.

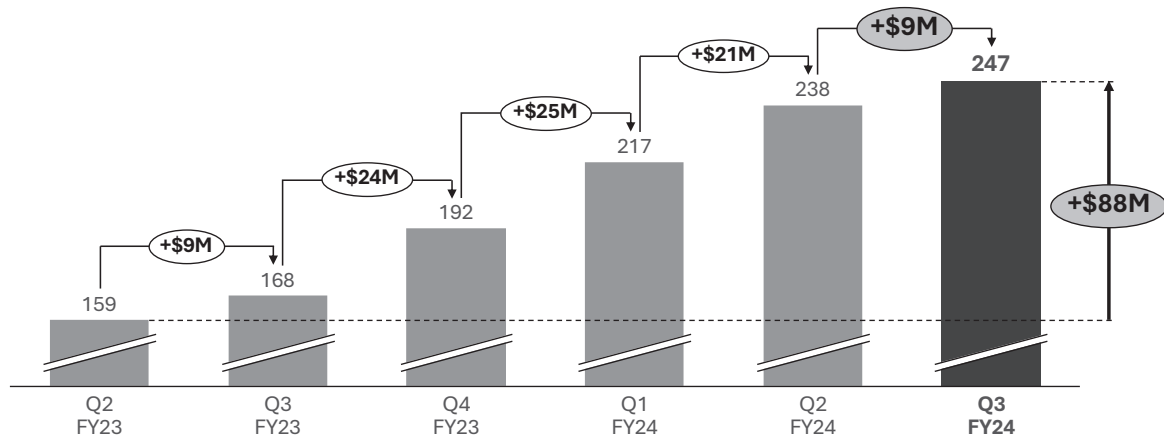


Figure 2: Fifth consecutive quarter of Cash, Bullion and Liquids build (\$M)

Key Growth Highlights

- Westgold to merge with Karora:** On 8 April 2024, Westgold and Karora Resources Inc. (“**Karora**”) announced that they have agreed to combine in a merger (the “**Transaction**”), pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the *Canada Business Corporations Act* (the “**CBCA**”).

The Transaction represents a transformational step change in growth for both Westgold and Karora shareholders, creating a globally investable, mid-tier gold producer operating exclusively in

Western Australia which is fully leveraged to the prevailing gold price. The proposed combination represents a highly complementary merger of cash generating mining and processing assets, people and balance sheet.

Westgold and Karora continue to progress towards transaction completion, which is indicatively expected to occur in July 2024.

For more information see heading “*Proposed Transactions*” in this MD&A.

Other Corporate Highlights

- **Exploration and Studies:** Optimisation studies continue on previously paused assets, along with work on other near mine opportunities in the existing mines. The South Emu-Triton underground mine (“**South Emu Mine**”) near the Meekatharra Operations is being reviewed for restart, along with shallow mining opportunities in the upper areas of Great Fingall that have the potential to be accessed without impacting the decline advance to the virgin ore at depth.
- **Interim dividend:** As first announced on 29 February 2024, payment of \$4.7M on 12 April 2024 will be reflected in the three months ended 30 June 2024 (“**Q4 FY24**”) cashflows.
- **Underground drilling capability:** Westgold has significantly enhanced its in-house underground drilling capability, with the purchase of six additional underground drill rigs for delivery prior to the end of June 2024. This will expand Westgold’s diamond drill rig fleet size to thirteen. Initially, the rigs will be deployed to existing mines, displacing three contract rigs currently conducting drilling and bolster Westgold’s existing fleet at Starlight and Bluebird. The additional rig capacity will be subsequently used at Great Fingall and South Junction as drill platforms open up at these significant development projects. Bringing all underground diamond drilling activities in-house vastly increases Westgold’s flexibility, allowing rapid deployment to ensure Westgold is best placed to take advantage of emerging geological opportunities, and at the same time delivering superior drilling productivity at industry leading unit rates.
- **Westgold commenced trading on the OTCQX platform with the ticker OTCQX: WGXR** on 9 January 2024. The OTCQX Best Market is the highest tier of the OTC Markets Group’s platforms, on which 12,000 United States and global securities trade. Trading on this platform is expected to enhance the visibility and accessibility of Westgold to the North American retail, high net worth and institutional investors, the latter of which currently constitute approximately 23% of Westgold’s share register.

DESCRIPTION OF BUSINESS

Westgold is a progressive and innovative gold producer with a large and strategic land package in the Murchison and Bryah regions of Western Australia. Within the Murchison regions (the “**Murchison Operations**”), Westgold operates around the regional town of Cue, which encompasses the mining centres of Big Bell, Cuddingwarra, Day Dawn and Tuckabianna (the “**Cue Gold Operations**”) and the regional town of Meekatharra, which encompasses the mining centres of Meekatharra North, Paddy’s Flat, Yaloginda, Nannine and Reedy’s (the “**Meekatharra Operations**”). The Cue Gold Operations include the Company’s large Big Bell sub-level caving underground mine (“**Big Bell**”), the smaller scale Fender long hole open stoping mine (“**Fender**”), a new long hole open stoping mine Great Fingall (“**Great Fingall**”), and the Tuckabianna Processing Hub (“**Tuckabianna Processing Hub**”). The Meekatharra Operations includes the Company’s Bluebird underground hole open stoping operation (“**Bluebird**”), 1.6-1.8Mtpa

Bluebird Processing Hub (the “**Bluebird Processing Hub**”), and until recently, the Paddy’s Flat operation (the “**Paddy’s Flat Operation**”).

Within the Bryah region (the “**Bryah Operations**”), Westgold operates across the mining centers of Labouchere, Fortnum, Horseshoe and Peak Hill (the “**Fortum Operations**”). The Fortum Operations includes the starlight underground mine (“**Starlight**”) Fortum Processing Hub (“**Fortnum Processing Hub**”).

The gold endowment of the region is extensive with the Murchison region being one of the largest historic goldfields in Western Australia. To date, the Murchison Operations have produced more than 10 million ounces of gold with Westgold reporting a total Mineral Resource of 8.3 million ounces and 2.0 million ounces of gold in **Ore Reserves** in compliance with JORC Code 2012 (“**JORC**”). During FY23, Westgold consolidated its operations to four underground mines and three processing plants and produced 257,116 ounces of gold from its Bryah Operations and Murchison Operations.

Business Values

Westgold is committed to upholding the highest standards of ethical conduct and responsible mining practices. Westgold’s core values are deeply integrated into Westgold’s daily operations and strategic decisions, guiding Westgold’s actions and ensuring we maintain our reputation as a leader in the mining industry. These values include:

- **Choose Safety:**
 - Think safety and act safely;
 - Look out for each other;
 - Protect our environment.
- **Show Respect**
 - Appreciate everyone for who they are and what they contribute;
 - Enable everyone to do a great job;
 - Grow strong teams and communities.
- **Deliver Value**
 - Plan to succeed as a team;
 - Execute with excellence;
 - Rise to the challenge and keep on improving.

These values not only define who we are as a company but also drive Westgold’s approach to business and Westgold’s relationships with stakeholders. By adhering to these principles, Westgold aims to continue building a resilient and sustainable mining operation.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

In Q3 FY24, Westgold has committed to and commenced the development and implementation of a single ESG framework to support its growth ambitions, systems development and continual improvement strategies.

Clean Energy Transition (CET) Project

As a result of Westgold’s Clean Energy Transition Project (“**CET Project**”), all of Westgold’s processing plants and underground mines are now operating with power supplied from Westgold’s four new hybrid power facilities at Tuckabianna, Big Bell, Fortnum and Bluebird. The combined capacity of the gas fuelled power stations, solar farms and battery storage systems is 82MW.

Westgold is now operating at the run rate required to achieve the targeted annualised savings of 38 million litres of diesel, 57,000 tonnes of CO2-equivalent emissions and a reduction in AISC of \$60/oz (at a diesel price of \$1.64 per litre). With the closure of six diesel power stations, Westgold has already reduced CO2-equivalent carbon emissions by over 16,000 tonnes and saved over 14 million litres of diesel.



Our People, Safety, Health, and the Environment

Westgold achieved several key ‘People’ milestones during Q3 FY24. After upgrading Westgold’s employee benefits offerings in Q2 FY24, employee turnover decreased quarter on quarter while Indigenous employment and new-starters increased over the same period. Westgold is committed to attracting and retaining top talent with a renewed focus on improving Westgold’s recruitment and leadership training processes.

Safety performance continued to improve, with our Total Recordable Injury Frequency Rate (“TRIFR”) for the quarter of 7.30 injuries per million hours worked, representing a reduction of 5.80% quarter on quarter. High Potential Event frequency increased marginally to 7.61, and Lost Time Injuries reduced 35.05% to 0.63 in Q3 FY24. The Company’s Significant Psychosocial Harm Events and Significant Environmental Incident Frequency Rates remained at 0.00 with no events reported for the period.

During the quarter, Westgold completed development of its Mine Safety Management System and supporting Integrated Management System, Project Management Plans and Principal Mine Hazard Management Plans.

In addition, the business conducted and completed Westgold’s inaugural Psychosocial Harm Risk Assessment and Action Plan in accordance with the Westgold Health & Wellbeing Strategy.

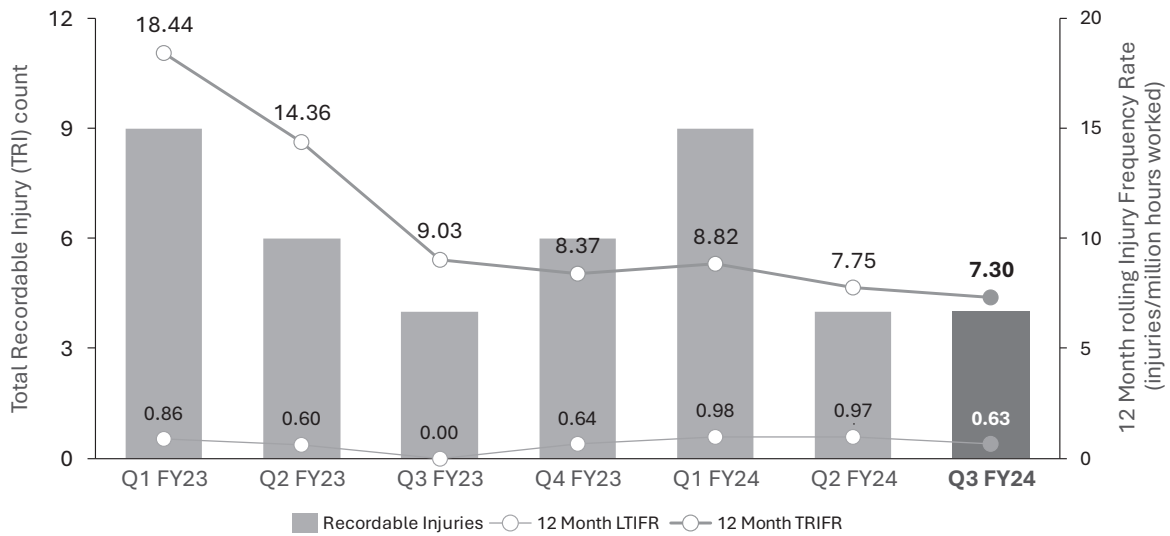


Figure 3: Westgold continues to improve its TRIFR, which in Q3 FY24 dropped to 7.30/million hours worked

OVERALL PERFORMANCE AND OPERATING RESULTS Q3 FY24

Operating Data

Westgold's quarterly physical and financial outputs for the Three and Nine Months Ended 31 March 2024 and prior corresponding periods are summarised in Table 1 below.

Table 1: Westgold's Operating Performance

Operating Performance	Three Months Ended				Nine Months Ended	
	Q3 FY24 31 Mar 2024	Q2 FY24 31 Dec 2023	Q1 FY24 30 Sep 2023	Q3 FY23 31 Mar 2023	YTD 31 Mar 2024	YTD 31 Mar 2023
Gold Operations (Consolidated)						
Tonnes milled (t)	865,720	871,721	881,434	869,355	2,618,876	2,706,859
Recoveries	89%	89%	90%	90%	89%	90%
Gold milled, grade (g/t Au)	2.1	2.4	2.5	2.4	2.3	2.4
Gold produced (ounces)	52,100	59,238	63,104	60,512	174,443	188,740
Gold sold (ounces)	47,035	59,961	62,120	60,043	169,116	189,432
Average realised price (\$/oz sold)	\$3,137	\$3,041	\$2,888	\$2,635	\$3,011	\$2,498
Cash operating costs (\$/oz produced) ¹	\$2,091	\$1,919	\$1,608	\$1,853	\$1,853	\$1,861
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$2,492	\$2,245	\$1,935	\$2,094	\$2,201	\$2,077
Gold (Murchison)						
Tonnes milled (000s)	679,878	672,151	684,654	671,917	2,036,683	2,098,675
Gold milled, grade (g/t Au)	2.0	2.3	2.7	2.6	2.3	2.5
Gold produced (ounces)	39,140	43,372	52,079	48,609	134,591	148,218
Gold sold (ounces)	34,175	43,622	52,385	48,085	130,182	148,404
Cash operating cost (\$/oz produced) ¹	\$2,144	\$2,019	\$1,567	\$1,771	\$1,910	\$1,846
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$2,569	\$2,407	\$1,867	\$2,002	\$2,281	\$2,082
Gold (Bryah)						
Tonnes milled (000s)	185,842	199,570	196,780	197,438	582,192	608,184
Gold milled, grade (g/t Au)	2.3	2.6	1.8	1.9	2.2	2.1
Gold produced (ounces)	12,960	15,866	11,025	11,904	39,851	40,523
Gold sold (ounces)	12,860	16,339	9,735	11,959	38,934	41,029
Cash operating cost (\$/oz produced) ¹	\$1,928	\$1,646	\$1,803	\$2,190	\$1,792	\$1,879
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$2,254	\$1,804	\$2,256	\$2,414	\$2,105	\$2,048

1. Non-IFRS: The definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this MD&A.

Q3 FY24 Group Performance

Westgold processed **865,720t** (Q2 FY24 – 871,721t) of ore in total at an average grade of **2.1g/t Au** (Q2 FY24 – 2.4g/t Au), producing **52,100oz** of gold (Q2 FY24 – 59,238oz). Gold production was lower than the prior quarter predominantly due to weather issues and the cessation of mining at Paddy's Flat.

Group AISC in Q3 FY24 decreased quarter on quarter to **\$130M** (Q2 FY24 - \$133M). The \$3M decrease was driven predominantly by the slowdown in mining at Paddy's Flat, with the mine transitioning to an exploration phase in March, along with the cost savings associated with the new power plants starting to be realised.

These cost benefits were offset by higher stockpile drawdown, unplanned mill maintenance associated with the crusher failures at the Tuckabianna Processing Hub and Fortnum Processing Hub and sustaining capital associated with the existing operating underground mines.

For **Q3 FY24** on a mine by mine basis:

- **Starlight had another positive quarter** - producing **140kt of ore at 2.6g/t Au for 12koz**. The Nightfall region of Starlight (“**Nightfall**”), where the outstanding development results were obtained in Q2 FY24, commenced production late this quarter and is expected to drive further improved results in Q4 FY24. In February, an additional development crew was mobilised to site to accelerate access to Nightfall and increase the number of mining areas in the financial year ending 30 June 2025 (“**FY25**”).
- **Big Bell** produced **253kt of ore mined at 2.0g/t Au for 17koz**. Ore tonnes and grade were marginally lower than the prior quarter with mining in Q3 FY24 focused on the lower grade south side of the cave. Mining of the next level of the cave will commence in the middle of Q4 FY24, which should bring about a grade uplift.

The decline development for Big Bell Deeps (the long hole open stoping area) continues, with the paste infrastructure works well advanced for the scheduled commencement of stoping in the first half of FY25 (“**HI FY25**”).

- **Bluebird produced 103kt of ore mined at 4.0g/t Au for 13koz**. A transition plan to address ore dilution seen in Q2 FY24 is underway with this plan resulting in lower tonnages this quarter, albeit, at improved grades.

With the recent drilling results of the zone to the south of Bluebird (“**South Junction**”) and subsequent Mineral Resource upgrade, plans are in place to accelerate access to the area (“**South Junction Resource RD Drilling Program**”). In parallel, Westgold is increasing the development focus on an exploration drive into the north of Bluebird (“**Bluebird North**”), an exciting shallow prospective zone below the Bluebird pit.

- **Paddy’s Flat was paused** - producing **36kt of ore at 3.1g/t Au for 3.5koz**. Continued under-performance resulted in an expedited transition to the exploration phase with the mine pausing earlier than anticipated. Drilling to define a sustainable mine plan at Paddy’s Flat commenced during Q3 FY24 and is well advanced.
- **Open pit and low-grade stocks** – Westgold continued to monetise its inventory of low grade and open pit stocks to manage mill blend and throughput requirements, along with trucking excess Big Bell ore and stockpiles to the Bluebird Mill.
- **Fender** delivered **42kt of ore at 2.6g/t Au for 3.5koz**. The ramp up was slower than scheduled in Q3 FY24 due to delays in establishing mine power supply. Rainfall had a large impact on this mine delaying decline development during March and at quarter end all power and infrastructure is now in place. All ore from Fender will be processed at the Bluebird mill.
- **Great Fingall Development Project continues as per plan** with the Great Fingall decline progressing well, ventilation drive completed and the raisebore having commenced work on establishing the primary ventilation system. Decline advance rates continued to exceed that of the feasibility.

In the shallower portions of the mine, preparation for early access to ore from the Fingall Flats continue, with drilling well advanced.

Exploration and studies

Westgold continued to invest in drilling with up to twelve underground and surface drill rigs operating across the business during the quarter. The focus remains to extend the mine planning horizons of the four key operating mines, along with defining the opportunities in the shallow, upper areas of Great Fingall.

Westgold has extensive organic growth opportunities. Optimisation studies continue on previously paused assets, along with work on other near mine opportunities in the existing mines. The South Emu Mine is being reviewed for restart, along with shallow mining opportunities in the upper areas of Great Fingall that have the potential to be accessed without impacting the decline advance to the virgin ore at depth.

Operating Costs

Q3 FY24 saw the Group AISC decrease (Q3 FY24 \$130M vs Q2 FY24 \$133M), driven by:

- **Mining costs decreases** - due to the cessation of mining at Paddy's Flat and reduced mining at Starlight predominantly from Nightfall stoping and heavy rainfall.
- **Processing costs decreases** - as a result of the CET Project benefits starting to be realised offset by unplanned mill maintenance at the Tuckabianna Processing Hub for the crusher failure, lasting 9 days immediately followed a planned crushing circuit shutdown to refurbish the fine ore bin and Fortnum Processing Hub failure in the primary crusher during the rain events.

The reduction in costs were partially offset by:

- **Higher consumption (and hence monetisation) of open pit and low-grade stockpiles** – (Q3 FY24 \$10M vs Q2 FY24 \$4M) mainly at the Bluebird Processing Hub (non-cash movement).
- **Higher sustaining capital at the Starlight underground mine** - due to mobilising a second development crew to accelerate opening up Nightfall.

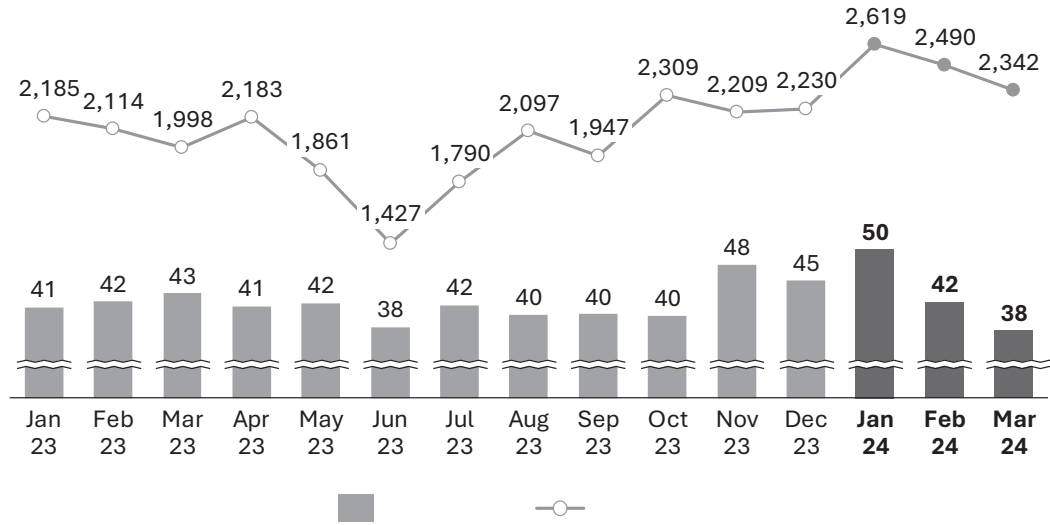


Figure 4: Westgold Monthly AISC (\$'m) & (\$/oz)

Capital Expenditure

Capital expenditure during Q3 FY24 of \$34M was in-line with the prior quarter (Q2 FY24 - \$35M) with the continued investment of the Great Fingall and Fender development projects. The remainder of the capital expenditure is predominately for the ongoing expansion of the Bluebird, Big Bell and Starlight underground mines, the CET Project, processing facility upgrades and camp infrastructure.

Exploration and resource development spend was approximately \$6M for Q3 FY24 (Q2 FY24 - \$4M). This is tracking in line with the FY24 exploration expenditure guidance as Westgold continues to invest in exploration within its extensive tenement holdings.

Bryah Operation Review

Westgold’s Bryah Operations, consisting of the Fortum Operations, is underpinned by Starlight supplying ore to the Fortum Processing Hub. Throughput at the Fortum Processing Hub is also supplemented with previously mined regional open pit ore and surface stocks.

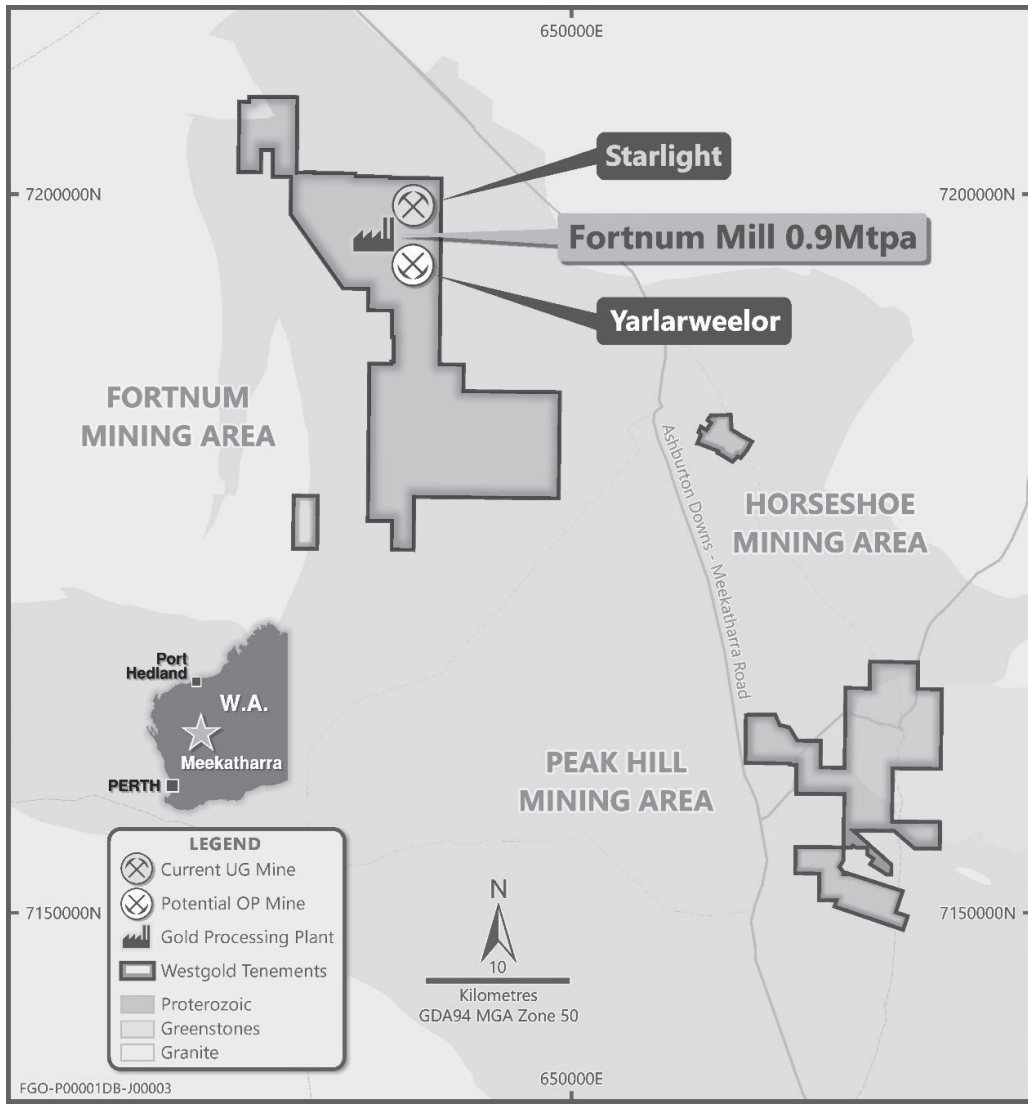


Figure 5: Westgold's Bryah Operation

The Bryah Operations produced 12,960oz in Q3 FY24 (Q2 FY24 – 15,866oz) at an AISC of \$2,254/oz (Q2 FY24 – \$1,804/oz).

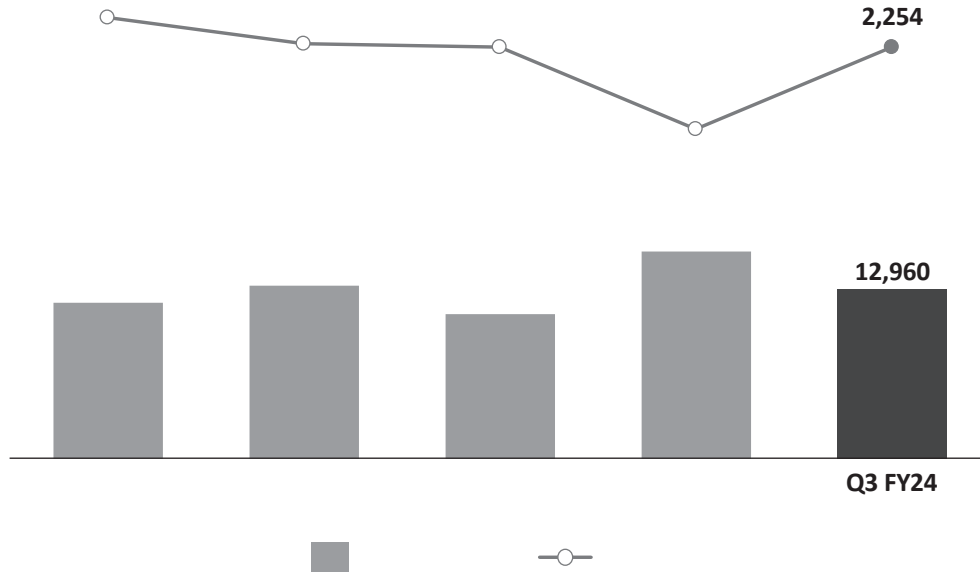


Figure 6: Bryah Gold Production and AISC

- Fortnum Processing Hub**

Throughput and grade at the Fortnum Processing Hub was below target due to a failure in the primary crusher during the rain events. **185,842t** of ore was processed in the quarter (Q2 FY24 – 199,570t) at a grade of **2.3g/t Au** (Q2 FY24 – 2.6g/t) and **95%** metallurgical recovery, resulting in **12,960oz** of gold being produced (Q2 FY24 – 15,866oz). Whilst the crusher was unavailable, low-grade stocks were fed through the emergency feeder which is significantly slower. The crusher was repaired and returned to service later in the quarter.
- Starlight Underground**

In Q3 FY24, Starlight produced **140,315t** (Q2 FY24 – 147,009t) of ore at a grade of **2.6g/t Au** (Q2 FY24 – 3.1g/t) for **11.7koz** mined (Q2 FY24 – 14.6koz).

Recent drilling at Nightfall, has shown that additional stoping opportunities exist. Further development on the next level has confirmed the continuation of these high-grade lodes and this will assist in increasing mine production going forward. Higher grade ore from the Nightfall is expected to increase in the blend during Q4 FY24 as an additional development crew was mobilised in February 2024 to accelerate access to the Nightfall.
- Near Mine Exploration and Development**

Three underground diamond drill rigs continue to operate at Starlight. Drilling works remain focused on resource definition in the Nightfall both at depth and crucially along strike where **the mineralisation remains open and significant grades and widths of mineralisation are being encountered.**

Better results seen during the current quarter from this work include:

 - **11.46m at 5.58g/t Au from 74m in NF1125RD03; and**
 - **26.35m at 4.41g/t Au from 201m in NF1125RD06.**

The growth of Nightfall along strike **offers a meaningful opportunity to reduce vertical advance rates and thereby lessen the capital intensity of the mine**, further enhancing the strong commercial performance currently being produced by Starlight.

Along with the focus on Nightfall, drilling continues at Starlight, defining lodes ahead of the mining front, with results such as **6.55m at 20.91g/t Au from 118m in ST915GC50** suggesting upside to the near-term mine plan.

- Comparison three months – Q3 FY24 against Q3 FY23

The Fortnum Processing Hub saw an increase in gold produced by 1,056oz (Q3 FY24: 12,960oz vs Q3 FY23: 11,904oz) due to the increase in mill grades (Q3 FY24: 2.3g/t vs Q3 FY23: 1.9g/t) from the Nightfall lode at the Starlight mine. The increased production resulted in lower AISC/oz (Q3 FY24: \$2,254/oz vs Q3 FY23: \$2,414/oz). This is the result of management changes at the Bryah Operations and the resetting of technical and operating standards that focus on grade control and resource definition drilling during Q3 FY23.

In resetting the operating practises, the amount of ore mined and grade increased at the Starlight mine (Q3 FY24: 140kt at 2.3g/t for 12koz mined vs Q3 FY23: 136kt at 2.2g/t for 10koz mined).

- Comparison nine months – YTD FY24 against YTD FY23

The Fortnum Processing Hub saw a decrease in gold produced by 672oz (YTD FY24: 39,851oz vs YTD FY23: 40,523oz) mainly due to lower ore tonnes and mill grades processed in Q1 FY24: 197kt at 1.8g/t vs Q1 FY23: 203kt at 2.5g/t. This was as a result of underperformance from the Starlight mine which at the time was transitioning through suboptimal legacy workings with Q1 FY24: 154kt at 2.1g/t for 10koz mined vs Q1 FY23: 197kt at 2.7g/t for 17koz mined. The decreased production resulted in higher AISC/oz (YTD FY24: \$2,105/oz vs Q3 FY23: \$2,048/oz).

From Q2 FY23, Starlight began to underperform and was brought back on track with management changes at the Bryah Operations and the resetting of technical and operating standards that focus on grade control and resource definition drilling during Q3 FY23. These changes began positively impacting Bryah outputs from Q2 FY24.

Murchison Operations Review

The Murchison Operations consists of two separate operating segments (1) Cue Gold Operations, comprised of two operating underground mines (Big Bell and Fender), one mine in development (Great Fingall) and one Processing Hub (Tuckabianna Processing Hub) and (2) Meekatharra Operations, comprised of one underground mine (Bluebird) and one Processing Hub (Bluebird Processing Hub).

The combined Murchison Operations produced 39,140oz at an AISC of \$2,569/oz. The lower production compared to the prior quarter resulted from unplanned downtime from a crusher failure at Tuckabianna Processing Hub, disruptions to ore haulage (road closures) and high reliance on low grade stockpile feed.

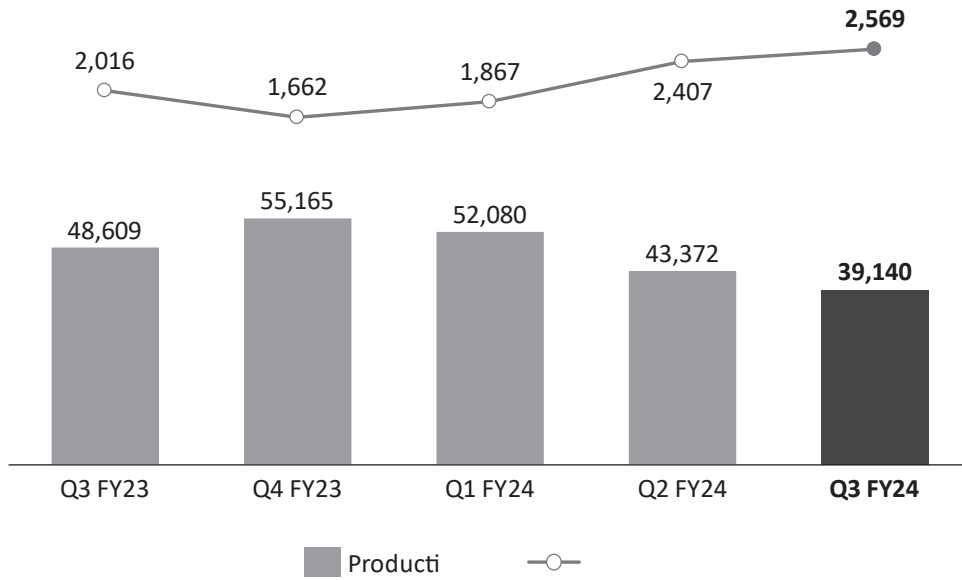


Figure 7: Murchison Gold Production and AISC

Meekatharra

The Bluebird Processing Hub treats ore from the Paddy’s Flat, Bluebird and Big Bell, plus various surface stockpiles in the region.

- **Bluebird Processing Hub**

The Bluebird Procssing Hub produced 23,002oz (Q2 FY24 – 23,548oz) by processing 357,955t of ore (Q2 FY24 – 350,998). Lower grade ore feed from the Paddy’s Flat along with increased volumes from lower grade stockpiles contributed to lower mill feed grades in Q3 (2.2g/t Au vs Q2 FY24 2.4g/t). Rain and subsequent road closures impacted the ability to deliver higher grade stocks at volumes sufficient to run the mill at full rates. Recovery was steady at 89%.

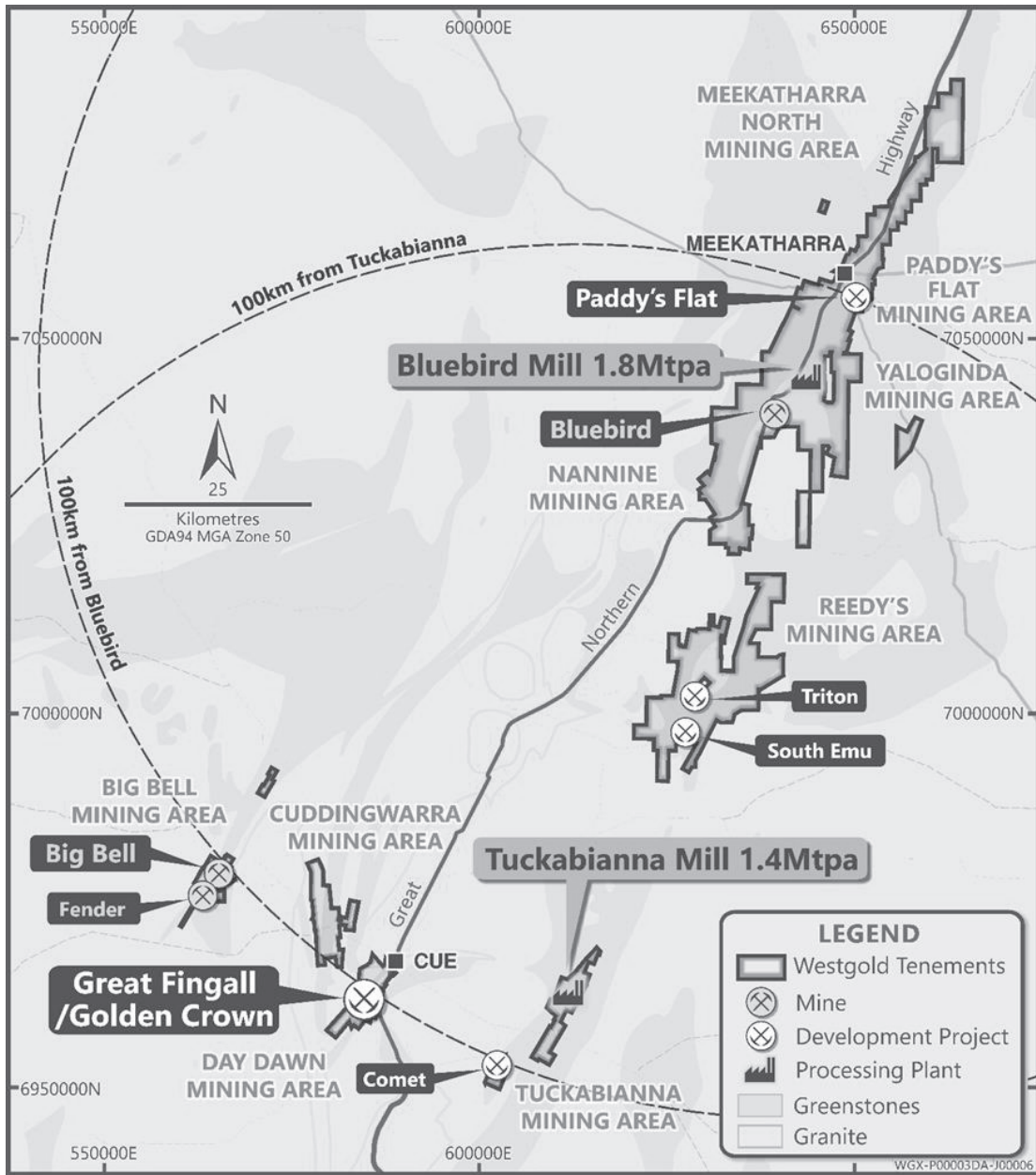


Figure 8: Westgold's Murchison Operation

- Bluebird**

Bluebird produced 103,207t at 4.0g/t Au for the quarter.

Bluebird's ore production decreased quarter on quarter (Q2 FY24 – 126,752t), partially offset by a 21% increase to mined grade (Q2 FY24 – 3.3g/t). The high levels of stope dilution seen in the prior quarter resulted in changes being implemented to the mine plan which have delivered higher grades as the mine transitions to a longer-term solution that ensures stability of voids and steady mining rates.

Heavy rains during the quarter also impacted the ability to access high grade development headings with the declines taking significant time to dewater and reinstate access.

- **Bluebird Near Mine Exploration and Development**

Westgold's significant investment in drilling at South Junction delivered substantial returns during the quarter with the announcement of an interim Mineral Resource Estimate for the combined system of **6.4Mt at 3.1g/t for 827koz**. This figure represents **a half a million-ounce increase in the Mineral Resource of South Junction**, post nine months of mining depletion.

Supporting this interim Mineral Resource Estimate were results from the ongoing five drill rig South Junction Resource Drilling Program such as:

- **10.45m at 3.80g/t Au from 788m and 3.98m at 10.80g/t Au from 894.49m in 24SJDD001;**
- **28.9m at 3.59g/t Au from 244.64m in 24BLDD015; and**
- **20.4m at 5.12g/t Au from 278.9m in 24BLDD017.**

In conjunction with the South Junction RD Drilling Program, to better define South Junction opportunities, works to expedite the understanding of the Bluebird North mining area are underway with increased development focus on an exploration decline.

- **Paddy's Flat**

Paddy's Flat produced 35,796t at 3.1 g/t Au for the quarter.

As mentioned in the December 2023 Q2 FY24 Quarterly Activity Report, Westgold planned to transition Paddy's Flat into an exploration phase post pausing mining in Q3 FY24. The mine continued to underperform during this transition period and mining was stopped ahead of schedule, with only exploration drilling activities occurring in March FY24.

- **Paddy's Flat Near Mine Exploration and Development**

As Paddy's Flat has entered a period of operational pause, the on-site technical team is focused on exploration works, that if successful, could identify a 3-4 year optimised mine plan which will allow a confident re-start of mining operations. Underground drilling works are ongoing, with a focus this Q3 FY24 on defining repeats of high-grade thrust lodes both above and below currently defined mineralisation in the Vivian's area of the mine, and on extending mineralisation in the Mudlode area.

Results returned from these efforts in the Mudlode area include:

- **5.33m at 24.87g/t Au from 0m in 23MUDD398; and**
- **1.32m at 365.24g/t Au from 90m in 23MUDD403.**

Drilling also intersected what is interpreted to be a previously unrecognized high-grade thrust above the Avon lode:

- **2.35m at 278.9g/t Au from 73m in 24VIDD009.**

In parallel, a global Mineral Resource Estimate for the entire Paddy's Flat system is underway, incorporating learnings gained during the past nine years of mining operations. Upon completion this review will extend into the Paddy's Flat north zone where Westgold is yet to undertake meaningful geological or technical work.

- **Comparison three months – Q3 FY24 against Q3 FY23**

The Bluebird Processing Hub saw a decrease in gold produced by 3,961oz (Q3 FY24: 23,002oz vs Q3 FY23: 26,963oz) due to lower mill feed grade (Q3 FY24: 2.2g/t vs Q3 FY23: 2.7g/t) driven by the cessation of mining at Paddy's Flat and an increase in processing of lower grade stockpiles. The decreased production contributed to the higher AISC/oz (Q3 FY24: \$2,569/oz vs Q3 FY23: \$2,002/oz) for the Murchison.

The continued under-performance of Paddy's Flat resulted in an expedited transition to the exploration phase with the mine pausing earlier than anticipated. Drilling to define a sustainable mine plan at Paddy's Flat commenced during Q3 FY24.

- **Comparison nine months – YTD FY24 against YTD FY23**

The Bluebird Processing Hub saw a decrease in gold produced by 2,942oz (YTD FY24: 77,843oz vs YTD FY23: 80,785oz) due to lower ore tonnes processed and lower mill feed grade (YTD FY24: 1,055kt at 2.5g/t vs YTD FY23: 1,108kt at 2.6g/t) with the underperformance and subsequent cessation of mining at Paddy's Flat in Q2 and Q3 FY24. The decreased production contributed to the higher AISC/oz (YTD FY24: \$2,281/oz vs YTD FY23: \$2,082/oz) for the Murchison Operations.

Cue Gold Operations

Westgold's Tuckabianna Processing Hub treats ore from the Big Bell supplemented with regional open pit ore and surface stocks.

- **Tuckabianna Processing Hub**

The Tuckabianna Processing Hub produced **16,138oz** of gold in Q3 FY24 (Q2 FY24 – 19,824oz).

The hub processed **321,923t** of ore, similar to the prior quarter (Q2 FY24 – 321,153t) at a lower grade of **1.8 g/t Au** (Q1 FY24 2.3g/t) with an improved metallurgical recovery of **86%** (Q2 FY24 – 84%). Access to higher grade ore was at times restricted by a secondary crusher failure and rain affected road closures. Larger volumes of low-grade stockpiles were processed as a result, lowering head grade quarter on quarter.

The crusher failure impacted throughput for 9 days and immediately followed a planned crushing circuit shutdown to refurbish the fine ore bin. The failure took significant time to rectify with the mill restarted on a lower throughput before returning to full operations in mid-March FY24.

- **Big Bell Underground**

Big Bell produced 253,058t at 2.0 g/t Au for the quarter.

Production rate and grades were both marginally lower in Q3 FY24 (Q2 FY24 – 274,566t at 2.5g/t Au). The lower grades were in line with expectation whilst mining predominantly from the lower grade south side of the cave. Westgold will commence mining the next level of the cave in the middle of Q4 FY24, which should result in higher grades being mined from Big Bell.

- **Fender Underground**

Fender delivered 41,849t at 2.6 g/t Au for the quarter.

Fender production is now established with two levels fully developed and the next one ready to commence. Though delays were experienced in Q3 FY24 with power upgrades limiting production, primary ventilation and escapeway networks are now installed and the mine is expected to rapidly ramp up to production to steady state levels of 20-25kt/m over Q4 FY24.

- **Great Fingall Development Project**

The Great Fingall decline is progressing well, with the top ventilation drive completed and the raisebore having commenced works for the primary ventilation circuit. Decline advance rates continued to exceed assumptions in the feasibility.

In the shallower portions of Great Fingall, preparation for early access to ore in the upper workings continue, with drilling well advanced. Diamond drilling occurred throughout most of the quarter reviewing the flat structures and selvedge on the edge of the reef close to the base of the pit and infrastructure. These areas were being considered for early access within FY24 to support the cessation of mining at Paddy's Flat, however, early interpretations of the drilling is indicating a system with larger scale than previously expected. As a result, Westgold elected to delay development to this zone until an optimal, executable plan is established. It is anticipated works will commence late in Q4 FY24.

- **Cue Near Mine Exploration and Development**

The expansion of Big Bell into nearby zones is progressing in line with the Company's expectations. Decline development accessing the Big Bell deeps longhole open stop mine ("**Big Bell Deep**") continues. Infrastructure establishment is progressing, with drilling of the large surface paste delivery holes underway. The first hole is already established and lined with the second hole in progress. A dedicated senior paste engineer has been employed to coordinate these works and all other aspects of paste plant establishment and delivery of associated infrastructure.

Drilling at Big Bell also remains ongoing, with a focus on extending and optimising the mine plan for the Big Bell Deep. Better results from this work include:

- **27m at 4.2g/t Au from 425m in 22BBDD0114; and**
- **29.94m at 3.79g/t Au from 554m in 22BBDD0115.**

At Great Fingall a comprehensive drill out of the upper regions of the resource has commenced, concentrating on the flats of Great Fingall which were the basis of the large-scale open pit mined during the 1990's, 2000's and 2010's.

Drilling works remain underway, however, results returned to date suggest that significant volumes of high-grade gold exists immediately below and adjacent to the existing open pit.

Most significantly, some very encouraging grades and widths of mineralisation have been encountered in the selvedge to the Great Fingall Reef immediately adjacent to historic mining voids. Better results from the holes completed to date include:

- **12.2m at 6.44g/t Au from 125m in 24GFDD001; and**
- **9.6m at 7.80g/t Au from 122m in 24GFDD002.**

Whilst it is too early to quantify the overall grade and extent of this remnant mineralisation, it is worth noting that there exists a region of 275 vertical metres below this zone where the Great Fingall Reef is effectively untested and considered to be completely mined out and thus sits outside of the current Great Fingall plan.

The upper Great Fingall presents as a very attractive opportunity that would potentially lend itself to earlier production than indicated in the Great Fingall Feasibility Study. These areas have close proximity to both the open pit void and historic underground mine voids. Westgold will continue to advance this opportunity in a manner that both definitively adds value to the current mine plan and appropriately manages risk.

- **Comparison three months – Q3 FY24 against Q3 FY23**

The Tuckabianna Processing Hub saw a decrease in gold produced by 5,506oz (Q3 FY24: 16,138oz vs Q3 FY23: 21,644oz) due to lower mill grade (Q3 FY24: 1.8g/t vs Q3 FY23: 2.4g/t) with mining at Big Bell in Q3 FY24 focused on the lower grade south side of the cave. The decreased production contributed to the higher AISC/oz (Q3 FY24: \$2,569/oz vs Q3 FY23: \$2,002/oz) for the Murchison Operations.

Mining of the next level of the cave at Big Bell will commence in the middle of Q4 FY24, which should bring about a grade uplift. The decline development for Big Bell Deeps continues, with the paste infrastructure works well advanced for the scheduled commencement of stoping in H1 FY25

- **Comparison nine months – YTD FY24 against YTD FY23**

The Tuckabianna Processing Hub saw a decrease in gold produced by 10,683oz (YTD FY24: 56,749oz vs YTD FY23: 67,433oz) due to lower mill grade (YTD FY24: 2.1g/t vs YTD FY23: 2.4g/t) with mining at Big Bell during YTD FY24 focused on the lower grade south side of the cave. Production was also impacted by ore haulage disruptions from Big Bell due to inclement weather which increased proportions of lower grade stockpiles in mill feed. The decreased production contributed to the higher AISC/oz (YTD FY24: \$2,281/oz vs YTD FY23: \$2,082/oz) for the Murchison Operations.

EXPLORATION

Exploration activities across the Company's highly prospective 1,300km² tenement portfolio continued during Q3 FY24. Key target locations are shown on [Figure 9](#) with key activities for Q3 FY24 including:

- Commencement of the major South Junction RD Drilling Program;
- Commencement planning and permitting for a Resource Definition drilling program to be undertaken at Boomerang – Kurara (the “**Boomerang – Kurara RD Drilling Program**”);
- Planning and permitting for exploration greenfields drilling program at Day Dawn to test gravity geophysical targets reported in Q2 FY24 (the “**Day Dawn RC Drilling Program**”);
- Commencement of greenfields exploration Air Core drilling (“AC drilling”) programs at Cuddy North, Reedy West and Labouchere North (the “**Cuddy North AC Drilling Programs**”); and
- Ongoing greenfields targeting activities with a focus in the Peak Hill and Fortnum regions.

- **Resource Definition Drilling Programmes**

Q3 FY24 saw the commencement of the South Junction RD Program. The planned program comprises some 26,000m of diamond core drilling using three surface drill rigs and at times, one underground drill rig. The aim of the South Junction RD Program is to test the southerly down plunge extensions of the Bluebird orebody (which plunges beneath the South Junction open pit) as well as the South Junction mineralisation which also plunges to the south.

During Q3 FY24 a total of 10,968m was drilled at South Junction with drill core processing and assaying underway. As at the end of the quarter only the assay results for the first few holes had been returned with best intersections to date of 10.45m at 3.80g/t Au from 788.00m and 3.98m at 10.80g/t Au from 894.49m in 24SJDD001 and 7.98m @ 2.67g/t Au from 575.32m and 4.82m @ 2.39g/t Au from 587.00m in hole 24SJDD004. Please refer to the Bluebird section of the Murchison Operations Review above for details.

The South Junction RD Program is anticipated to continue throughout Q4 FY24. Planning and permitting for the Boomerang – Kurara RD Drilling Program commenced during the quarter with details to be reported in Q4 FY24.

- **Greenfields Exploration Drilling Programmes**

During the quarter, final planning for the greenfields drilling programs was completed for various priority targets. This included proposed RC Day Dawn Drilling Program to test various gravity geophysical targets at Day Dawn, and the AC Cuddy North Drilling Program to test early stage targets at Cuddy North, Reedy West and Labouchere North.

The Day Dawn RC Drilling Program commenced at the end of the quarter with no results received. The Cuddy North AC Drilling Programs are planned to commence in mid-May.

FINANCIAL RESULTS

<i>(in Australian dollars)</i>	Three months ended		Nine months ended	
	31 March		31 March	
	2024	2023	2024	2023
Continuing operations				
Revenue	148,052,074	158,807,682	511,151,062	474,841,452
Cost of sales	(145,509,623)	(151,266,915)	(436,542,188)	(477,088,948)
Gross profit/(loss)	2,542,451	7,540,767	74,608,874	(2,247,496)
Other income	2,463,674	1,863,449	7,355,227	3,234,861
Gain on disposal of property, plant and equipment	1,531,125	395,814	1,191,327	4,364,701
Finance costs	(1,209,245)	(876,608)	(3,285,117)	(4,119,044)
Other expenses	(6,045,258)	(3,433,643)	(16,284,928)	(11,637,947)
Profit/(loss) before income tax from continuing operations	(717,253)	5,489,779	63,585,383	(10,404,925)
Income tax (expense)/benefit	996,579	(1,396,835)	(19,517,391)	3,354,983
Net profit/(loss) for the year	279,326	4,092,944	44,067,992	(7,049,942)
Other comprehensive profit for the year, net of tax	-	-	-	-
Total comprehensive profit/(loss) for the year	279,326	4,092,944	44,067,992	(7,049,942)
Total comprehensive profit/(loss) attributable to:	-	-	-	-
members of the parent entity	279,326	4,092,944	44,067,992	(7,049,942)
	279,326	4,092,944	44,067,992	(7,049,942)

<i>(in Australian dollars)</i>	Three months ended		Nine months ended	
	31 March		31 March	
	2024	2023	2024	2023
Earnings/(loss) per share attributable to the ordinary equity holders of the parent (cents per share)				
Basic earnings/(loss) per share				
Continuing operations	0.06	0.86	9.30	(1.49)
Diluted earnings/(loss) per share				
Continuing operations	0.06	0.86	9.16	(1.49)

<i>(in Australian dollars)</i>	As at 31 March	As at 31 March
	2024	2023
Cash and cash equivalents	213,332,624	150,157,847
Current Assets	314,518,531	249,188,649
Non-current assets	628,469,024	544,567,301
Total Assets	942,987,555	793,755,950
Current Liabilities	165,226,076	104,106,478
Non-current liabilities	138,064,410	108,657,712
Total Liabilities	303,290,486	212,764,190
NET ASSETS	639,697,069	580,991,760

Income Statement

Revenue

For Q3 FY24, the Company generated revenue of \$148M, a 7% decrease from Q3 FY23. This was largely due to bullion on hand at the end of Q3 FY24 of \$24M (Q3 FY23 of \$8M) and production impacted by rainfall events, operational issues and the decision to pause mining at Paddy's Flat in Q3 FY24. The lower production was largely offset by the higher achieved gold price in Q3 FY24 – \$3,137/oz (Q3 FY23 – \$2,635/oz) due to the cessation of fixed forward sales contracts and continuing to be favourably exposed to the elevated spot prices.

For YTD FY24, revenue totalled \$511M or 8% higher than YTD FY23 of \$475M. This reflects the increase in the achieved gold price as Westgold became free of fixed forward contracts in August 2023, offset by a decrease in gold sales ounces as a result of the lower gold produced YTD FY24.

Cost of Sales

For Q3 FY24, Cost of Sales totalled \$146M compared to Q3 FY23 of \$151M. The decrease reflects the reset plan implemented by the Company to address its fixed cost base. This plan included closures and operational pauses at a few of the Company's mines.

For YTD FY24, Cost of Sales totalled \$437M compared to YTD FY23 of \$477M. The decrease reflects the action management has taken in FY23 as previously mentioned to pause operations together with temporary closures to address its fixed cost base and focus on profitability.

Royalty Expense

Royalty expense, included within cost of sales totalled \$6M in Q3 FY24 and \$16M for YTD FY24, compared to \$6M in Q3 FY23 and \$16M for YTD FY23. Royalty expense has remained in line with the prior year with the decrease in gold ounces produced being offset by the increases in gold prices during FY24.

Other Income

Other income totalled \$2M in Q3 FY24 and \$7M for YTD FY24, compared to \$2M in Q3 FY23 and \$3M for YTD FY23. The increase in other income for FY24 is largely the result of net gains on the sale of assets as well as interest income from the increased cash at bank position.

Other Expenses

Administration expense totalled \$6M in Q3 FY24 and \$16M for YTD FY24, compared to \$3M in Q3 FY23 and \$12M for YTD FY23. The increase in administration expense during FY24 is due to improvements in employee remuneration and benefits required to attract and retain talent as the labour market remains very competitive.

Net Earnings/(Loss)

Net earnings totalled \$0.3M (\$0.06 basic earnings per share) in Q3 FY24, compared to \$4M (\$0.86 basic earnings per share) in Q3 FY23.

Net earnings totalled \$44M for YTD FY24, compared to net loss of (\$7M) in YTD FY23. This is a substantial increase of \$55M or 725% due to the company being free of forward sales contracts since August 2023, allowing Westgold to take advantage of the favourable gold price in FY24. The Company has also continued to improve its cost of production in FY24.

Financial Position at 31 March 2024

Current Assets

As at 31 March 2024, the Company's current assets totalled \$315M and current liabilities amounted to \$165M for a net current asset surplus of \$149M. The majority of current assets are cash and cash equivalents of \$213M and inventories of \$87M. The increase in net current assets when compared to \$145M as at 31 March 2023, was predominantly the result of higher cash balance over the period.

Non-Current Assets

Non-current assets increased significantly to \$628M at 31 March 2024. This increase was across PPE, mining development assets and exploration and evaluation expenditure, reflecting capitalised development and capitalised exploration expenditure in the period.

Current Liabilities

Current liabilities increased to \$165M as at 31 March 2024 predominantly as a result of timing differences related to working capital due to timing of creditor payments and increased activity year to date compared to 31 March 2023.

Non-Current Liabilities

Non-current liabilities increased by \$29M as at 31 March 2024 primarily relating to an increase in interest bearing loans and borrowing through the financing for various items of plant and machinery.

Gold Hedging

Westgold continues to be free of fixed forward contracts with the hedging strategy reviewed monthly. The current strategy remains to have no fixed forward hedging and hold bullion when conditions are volatile.

At the beginning of FY24, the company had in place 30,000oz of zero cost collars comprising put options at **A\$2,700/oz** and call options at **A\$3,340/oz** for deliveries of 2,500oz per month from July 2023 to June 2024, subject to the put and call being struck. This strategy protects the downside of gold price volatility with the put option only being triggered if the gold price falls to A\$2,700/oz. The upside on this small volume of production is also capped and again, only triggered if the gold price hits A\$3,340/oz.

During Q3 FY24, the 2,500oz call options were struck at A\$3,340/oz on 26 March 2024 with **7,500oz** of zero cost collars remaining as at the end of the quarter.

Dividend Policy

Westgold announced on 29 February 2024 its first interim dividend of 1 cent per share and paid a total of \$5M on 12 April 2024 under the updated dividend policy. The updated policy seeks to pay a total annual ordinary dividend of **at least 1 cent per share (\$0.01/share) each financial year, up to a maximum of 30% of free cash flow** generated for the financial year.

Liquidity and Capital Resources

In management's view, Westgold has sufficient financial resources to fund the operations, planned exploration programs and ongoing operating expenses. As of 31 March 2024, Westgold had cash of \$213,333,624, compared to \$150,157,847 as at 31 March 2023.

The Company is subject to risks and challenges similar to other companies in a comparable stage of operation, exploration and development. These risks include, but are not limited to, losses, successfully raising cash flows through debt or equity markets and the successful operation and development of its mineral property interests to satisfy its commitments and continue as a going concern.

Westgold expects that its existing cash at 31 March 2024 together with cash from operations will be sufficient to fund cash requirements in the ordinary course of business for the next twelve month period. However, the Company's liquidity position is sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting gold production targets, gold prices, foreign exchange rates, operational costs and capital expenditures. If the Company's cash and cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company. The Unaudited Interim Financial Report do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

The Company may require the issuance of equity or other forms of financing to complete or accelerate programs associated with any future development and exploration initiatives that are not contemplated in its current life of mine plan. Westgold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on operating performance and on global markets, in particular, the price of gold and currency exchange rates.

<i>(in Australian dollars)</i>	Three months ended		Nine months ended	
	31 March		31 March	
For the periods ended 31 March	2024	2023	2024	2023
Cash provided by operating activities	48,842,432	48,536,696	210,080,383	101,136,669
Cash used in investing activities	(55,081,554)	(39,110,294)	(157,906,318)	(122,934,413)
Cash provided by (used in) financing activities	(5,001,558)	(2,849,939)	(15,253,296)	(10,745,911)
Change in cash and cash equivalents	(11,240,680)	6,576,463	36,920,769	(32,543,655)
Cash and cash equivalents at the beginning of the period	224,573,304	143,581,384	176,411,855	182,702,502
Cash and cash equivalents at the end of the period	213,333,624	150,157,847	213,333,624	150,157,847

Operating Activities

Cash generated by operating activities totalled \$49M for the three months ended 31 March 2024, compared to cash generated of \$49M for Q3 FY23. This reflects the higher achieved gold price as Westgold became free of fixed forward contracts in August 2023, offset by a decrease in gold sales

ounces as a result of the lower gold produced. In addition, a continued focus and reduction in the cost of sales also assisted in maintaining positive cashflows as a result of Westgold's decisive action to address the fixed cost base.

For the nine months ended 31 March 2024, cash provided by operating activities totalled \$210M compared to \$101M for YTD FY23, which reflects the higher achieved gold price as Westgold became free of fixed forward contracts in August 2023, partially offset by a decrease in gold sales ounces as a result of the lower gold produced.

Investing Activities

Cash used in investing activities for the three months ended 31 March 2024 totalled (\$55M), compared to cash used of (\$39M) for Q3 FY23, which included budgeted investments in resource development and exploration as Westgold continues to invest in expansion and discovery within its extensive tenements holdings.

For the nine months ended 31 March 2024, cash used for investing activities totalled (\$158M) compared to cash used of (\$123M) for YTD FY23. Cash used in investing activities include investments in mine properties and development relating to the continued expansion and development of the existing operating mines as well as the commencement of three growth projects, being the Big Bell expansion, the Fender restart and the start of decline development at the iconic Great Fingall. Investments were also made in property, plant and equipment associated with the CET Project processing infrastructure upgrades including tailings storage facilities and camp infrastructure and associated facilities. Cash proceeds of \$8.6M were received from the sale of financial assets for YTD Q3 2024.

Financing Activities

Cash used in financing activities for the three months ended 31 March 2024 totalled (\$5M), compared to a cash used of (\$3M) for Q3 FY23. The increase was primarily for the payment of financing costs associated with underground mining equipment.

For the nine months ended 31 March 2024, cash used for financing activities totalled (\$15M) compared to a cash used of (\$11M) for YTD FY23. The increase was primarily for the payment of financing costs associated with underground mining equipment.

Net Cash Flows

In aggregate, net cash used for the three months ended 31 March 2024 totalled (\$11M) compared to net cash generated of \$7M for Q3 FY23.

For the nine months ended 31 March 2024, net cash generated totalled \$37M, compared to net cash used of (\$33M) for YTD FY23.

Debt Facilities

Westgold executed a syndicated facility agreement ("**SFA**") with ING Bank and Société Generale on 22 November 2023. The SFA provides Westgold with a A\$100M revolving corporate facility with a three- year term, which the Company is able to use for general corporate purposes.

During Q3 FY24, the SFA remained undrawn. The Company has equipment financing arrangements on acquired plant and equipment under normal commercial terms with expected repayments of approximately \$17M for FY24.

OUTLOOK

Guidance

This outlook includes forward-looking information about the Company's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and the Company's ability to achieve the results and targets discussed in this section. The Company may update this outlook depending on changes in metal prices and other factors. The Company expects to announce updated Mineral Resources and Mineral Reserves during June 2024.

	Unit	Actual YTD FY24	Revised Full Year Guidance FY24
Gold Production	(Koz)	175	220-230
All-in Sustaining Costs	(A\$/oz sold)	2,201	2,100-2,300
Growth Capital	(A\$M)	93	130
Exploration & Resource Development	(A\$M)	17	25

1. Production guidance is based on the 2023 Mineral Resources and Ore Reserves announced on 11 September 2023.
2. Revised Production guidance is based on the Q3, FY24 production update announced on 3 April 2024.
3. Growth Capital includes underground development, camp and other growth-related project, property and plant costs.
4. Exploration includes expenditure associated with all Murchison and Bryah tenure.
5. See "Non-IFRS Measures" set out at the end of this MD&A.

OUTSTANDING SHARE DATA

Westgold closed Q3 FY24 with the following capital structure:

SECURITY TYPE	NUMBER ON ISSUE
FULLY PAID ORDINARY SHARES	473,622,730
PERFORMANCE RIGHTS (RIGHTS)	9,309,304

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Transactions Between Related Parties

During the three and nine months ended March 31, 2024, there were no related party transactions, or balances owing.

Proposed Transactions

From time to time, in the normal course of business, the Company considers potential acquisitions, joint ventures, and other opportunities. The Company will disclose such an opportunity if and when required under applicable securities rules.

Subsequent Events¹

On 8 April 2024, Westgold and Karora announced that they have agreed to combine into a merger, pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canadian Business Corporation Act ("**CBCA**").

Pursuant to the Transaction, Karora shareholders will receive 2.5241 Westgold fully paid ordinary shares, \$0.68 in cash, and 0.30 of a share in a new company to be spun-out from Karora for each Karora common share held at the closing of the Transaction ("**Offer Consideration**"). The Offer Consideration represents approximately \$6.60 per Karora common share based on Westgold's closing share price on the ASX of \$2.28 on 5 April 2024. The Offer Consideration represents a 10.1% premium to Karora's closing share price on the Toronto Stock Exchange ("**TSX**") of \$5.995 on 5 April 2024 and a 25.3% premium to Karora's and Westgold's 20-day volume weighed average price on the TSX of \$5.552 and on the ASX of \$2.421 up to and including 5 April 2024.

Upon completion of the Transaction, Westgold shareholders will own approximately **50.1%** of the combined company (Westgold after completion of the Transaction referred to as "**Enlarged Westgold**") and former Karora shareholders will own approximately **49.9%**.

Enlarged Westgold is anticipated to have financial resources of approximately \$160 million including Westgold's existing corporate revolving facility (subject to requisite consents) and following the repayment of Karora's existing \$44 million revolving facility, combined with an outstanding forecast free cash flow profile. This represents a strong financial platform to continue investing in organic growth opportunities.

The Transaction subject to procedural matters and conditional on receiving approval of 66 $\frac{2}{3}$ % of Westgold's shareholders.

On 30 May 2024, Westgold and Ora Gold Limited ("**Ora**") announced that they have entered into a binding agreement in relation to a strategic Alliance with the primary aim of advancing the development of Ora's Crown Prince deposit into production, and a strategic Placement by Ora to Westgold of \$6.0m at \$0.0045 per share, equivalent to a fully diluted 15.0% pro forma shareholding in Ora. The transaction settled on 4 June 2024.

Apart from the above, no matters or circumstances have arisen since the end of the nine months period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Critical Accounting Policies and Estimates

The preparation of the Unaudited Interim Condensed Financial Report has been prepared in accordance with AASB134 Interim Financial Reporting and the Audited Consolidated Financial Report in accordance

¹ Estimates in this section are based on Enlarged Westgold's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of A\$2.28 as at 5 April 2024.

with Australian Standards as issued by the Australian Accounting Standards Board (“AASB”) (Which also comply with IFRS as issued by the International Accounting Standards Board). Australian Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the Audited Consolidated Financial Report. There is disclosure of the Company’s critical accounting policies and accounting estimates in notes 2 & 3 of the Audited Consolidated Financial Report for the year ended 30 June 2023.

There were no changes to the accounting policies applied by the Company to its 31 March 2024 Unaudited Interim Condensed Financial Report compared to those applied by the Company in the Audited Consolidated Financial Report for the year ended 30 June 2023.

Non-IFRS Measures

This MD&A refers to cash operating cost per ounce, All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses. AISC which are not recognised measures under IFRS. Such non-IFRS financial measures do not have any standardised meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company’s performance assess performance in this way. Management believes that these measures better reflect the Company’s performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In November 2018, the World Gold Council (“WGC”) published its guidelines for reporting all-in sustaining costs. The WGC is a market development organisation for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organisation, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers.

Cautionary Statement Regarding Forward Looking Information

This MD&A includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements in this MD&A may include, but are not limited to, statements relating to: (i) the liquidity and capital resources of Westgold; (ii) requirements for additional capital; (iii) the Company’s ability to improve its cost production in FY24; (iv) the completion of the Transaction as described; (v) government operations and approvals; (vi) the future price of and supply and demand for metals; (vii) the continued resource and exploration development, and the ability to meet the Company’s FY24 exploration expenditure guidance; (viii) the continued ability to encounter significant grades and width of mineralisation; (ix) the ability to bring all underground diamond drilling activities in-house; (x) the delivery of six additional underground drill rigs prior to the end of FY24 and their successful

deployment at existing mines and subsequent use at Great Fingall and South Junction; (xi) the Company's ability to meet the repayments for equipment financing arrangements on acquired plant and equipment; (xii) enhanced visibility and accessibility of Westgold as a result of listing on the OTCQOT; (xiii) the continued success and development of the Cue Operations, including the expansion of drilling at Big Bell and corresponding grade uplift, the ability to commence stoping at Big Bell Deeps in H1 FY25, the success of the Great Fingall Development Project including the ability to access mining opportunities in Great Fingall without impacting the decline advance to the virgin ore at depth, the development of a new in-pit tailing storage facility located at the Tuckabianna Processing Hub and its ability to provide approximately 4.5 years of storage capacity; (xiv) the continued success and development of the Meekatharra Operations, including the continued operation and expansion of Bluebird, the continued success of the transition plan to address ore dilution at Bluebird, the ability for the Bluebird Processing Hub to continue to recover from the recent rain and subsequent road closures, the continued advancement of defining a sustainable mine plan at Paddy's Flat, the ability to process all ore from Fender at the Bluebird Processing Hub, the completion of a global Mineral Resource Estimate for the entire Paddy's Flat system and the extension of the review into the Paddy's Flat north zone; (xv) the continued success and development of the Fortnum Gold Operations, including the continued operation and expansion of Starlight, including the development and production of ore at Nightfall; (xvi) continued exploration and development of near mine opportunities in existing mines, including the ability to restart the South-Emu Mine; (xvii) the success, costs and timing of future exploration activities, including the success, costs and timing of future exploration activities, including the commencement planning and permitting of the South Junction RD Drilling Program, the Boomerang – Kurara RD Drilling Program, Day Dawn RC Drilling Program, the Cuddy North AC Drilling Programs", and ongoing greenfields targeting activities with a focus in the Peak Hill and Fortnum regions; and (xviii) the continuation of optimisation studies on previously paused assets.

This MD&A also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Estimates of Mineral Reserves provide more certainty however still involve similar subjective judgments. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the Company's operations, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realised), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource or Mineral Reserve estimates may have to be re-estimated based on: (i) fluctuations gold or other mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans after the date of any estimates and/or changes in mine plans; (vi) the possible failure to receive required permits, approvals and licenses; and (vii) changes in law or regulation.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in this MD&A speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances.

Cautionary Note to U.S. Readers Regarding Estimates of Resources

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Company advises U.S. investors that the Securities and Exchange Commission's recently effective updated mining disclosure rules are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), but are not identical so our mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.

Qualified Persons & Disclosure of Technical Information

NI 43-101 requires that a certified Qualified Person (“QP”) (as defined under the NI 43-101) supervises the preparation of the mineral resources and exploration matters contained in this MD&A.

The technical and scientific information related to Mineral Resources contained in this MD&A have been reviewed by Jake Russel B.Sc. (Hons), GM of Technical Services of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Ore Reserve Estimates contained in this MD&A have been reviewed by *Leigh Devlin, B. Eng MAusIMM*, an executive officer of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Exploration Target and Results matters contained in this MD&A have been reviewed Simon Rigby B.Sc (Hons), an employee of the Company and certified QP for the purposes of NI 43-101.

Westgold has prepared the following NI 43-101-compliant technical reports for its operating mines, each of which is available on the Company’s website (www.westgold.com.au) and under Karora's profile on www.sedarplus.com.

For further information as to the total Indicated Mineral Resources and Ore Estimates, see the ASX announcement release titled “Annual Mineral Resources and Ore Reserves Statement – 11 September 2023” which is available to view at www.asx.com.au

Cautionary Statement Regarding Risks

Mining operations generally involve a high degree of inherent risk. Certain factors could materially affect the Company’s financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company. See the Cautionary Statement Regarding Forward Looking Information above in this MD&A. You should pay particular attention to the fact that our principal operations are conducted in Australia and are governed by legal and regulatory environments that in some respects differ from that which prevail in other countries. Westgold's business, financial condition or results of operations could be affected materially and adversely by certain risks. The reader should carefully consider these risks as disclosed in the management information circular to which this MD&A is attached, as well as other publicly filed disclosure regarding the Company, which are available on the Company’s website at <https://www.westgold.com.au/investor-centre/our-value-proposition>.



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Twelve Months Ended 30 June 2023

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	1
HIGHLIGHTS FY23	2
Introduction.....	2
Corporate Activities	2
DESCRIPTION OF BUSINESS	3
Business Values.....	3
ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)	4
OVERALL PERFORMANCE AND OPERATING RESULTS FY23	5
Operating Data	5
FY23 Group Performance	5
Exploration and studies	6
Operating Costs	6
Capital Expenditure	6
Bryah Operation Review	6
Murchison Operations Review	8
EXPLORATION	12
FINANCIAL RESULTS	13
Income Statement	14
Financial Position as at 30 June 2023	14
Gold Hedging	15
OUTLOOK	17
Guidance	17
OUTSTANDING SHARE DATA	17
Off-Balance Sheet Arrangements.....	17
Transactions Between Related Parties	17
Proposed Transactions.....	17
Subsequent Events	18
Critical Accounting Policies and Estimates	18
Non-IFRS Measures.....	19
Financial Instruments	19
Cautionary Statement Regarding Forward Looking Information	19
Cautionary Note to U.S. Readers Regarding Estimates of Resources	21
Qualified Persons & Disclosure of Technical Information	21
Cautionary Statement Regarding Risks	21

FIGURES

Figure 1: Westgold’s Bryah Operation..... 7
Figure 2: Westgold’s Murchison Operation 9
Figure 3: FY23 Priority Exploration Targets Within the Murchison Project Tenure 12

TABLES

Table 1: Westgold’s Operating Performance 5

For personal use only

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") represents significant factors and information management deems essential for understanding the consolidated financial condition and operational performance of Westgold Resources Limited and its subsidiaries ("Westgold" or the "Company") and of the consolidated entity, being the Company and its controlled entities (the "Group"), for the twelve months ended 30 June 2023 ("FY23"). This MD&A should be read alongside the Company's Audited Consolidated Financial Report for the year ended 30 June 2023 and the Quarterly Activity Reports lodged with the Australian Securities Exchange ("ASX"). The Audited Consolidated Financial Report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB"), which also comply with International Financials Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A includes certain forward-looking statements, with reference made to the "Cautionary Statement Regarding Forward-Looking Information" located at the end of this document.

For the purpose of preparing this MD&A, management, together with the Company's board of directors, regards information as material if:

- (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or
- (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Additional information related to the Company, can be viewed on the ASX website (www.asx.com.au) and the Company's website (www.westgold.com.au).

This MD&A includes certain non-IFRS measures. The Company believes that these measures provide investors with enhanced ability to evaluate the underlying performance of the Company. Non-IFRS measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. Non-IFRS measures do not have any standardised meaning prescribed under IFRS, and therefore they may not be comparable to similar measures presented by other issuers.

All dollar figures stated herein are expressed in Australian dollars and millions of dollars are expressed in ("M"), except for per share or per ounce amounts or unless otherwise specified. Information contained herein is presented as at 30 June 2023, unless otherwise indicated. The issue date of this MD&A is 14 June 2024.

HIGHLIGHTS FY23

Introduction

Westgold operates across the Murchison and Bryah regions of Western Australia. The Murchison Operations incorporates three underground mines (Big Bell, Paddy's Flat and Bluebird) and two processing hubs (Tuckabianna Processing Hub and Bluebird Processing Hub) and the Bryah Operations incorporates one underground mine (Starlight) and one Processing Hub (Fortnum Processing Hub). Two underground mines in the Murchison were put on care and maintenance early in the year, being South Emu Triton and Comet, along with stopping the development project at Fender.

Year to Date:

- **Production:** Gold produced in **FY23 of 257,116oz** was lower than the twelve months ended 30 June 2022 ("FY22") of 270,884oz predominantly due to two underground operations were put on care and maintenance, along with no open pit mining, all business units restructured and Group expenditure and commercial processes reviewed. These results reflect a year of transition following a strategic review that saw the business reset its model to focus on safe and profitable gold production.
- **Revenue:** In **FY23, 256,009oz** of gold was sold at an achieved gold price of **\$2,556/oz** generated **\$654M** in revenue. This was higher than the \$648M generated in FY22, in which 269,705oz were sold at an achieved gold price of \$2,401/oz. Revenue for **FY23 of \$6M** is higher than FY22 due to a reduction in the large fixed forward sales contracts in FY23 and a rising A\$ gold price offset by reduced production predominantly due to three underground operations were put on care and maintenance.
- **Production and Processing Costs:** Total ore processed in **FY23 – 3,625,035t** (FY22 – 3,697,925t) at an average grade of **2.5g/t Au** (FY22 – 2.5g/t Au). Processing cost in **FY23 of \$125M** increased by \$17M (FY22 – \$108M). The increase was driven predominantly by the inflationary cost pressures in the first half of FY23.
- **Cash Costs per Ounce Produced:** The average for **FY23 of \$1,795/oz** is higher compared to FY22 of \$1,525/oz. This was mainly driven by higher cost from the inflationary cost pressures and lower production with the closure of two producing underground mines and no open pit mining in FY23, just closure costs.
- **AISC per Ounce Produced:** The AISC for **FY23 of \$1,999/oz** increased from FY22 of \$1,692/oz due to higher cost from the inflationary cost pressures and lower production compared to FY22. The full year production met the top end of the FY23 production guidance of 240koz to 260koz and midpoint of the FY23 AISC guidance of between \$1,900/oz and \$2,100/oz.
- **Mine Operating Cash Flow:** With the achieved gold price in **FY23 of \$557/oz over AISC** (FY22 – \$709/oz over AISC). Westgold's operations generated **\$143M** of mine operating cashflows in FY23 (FY22 – \$183M).
- **Cash and Bullion:** Westgold added in **FY23 \$1M** in cash and bullion, closing the year with **\$184M**.

Corporate Activities

- **Exploration and Studies:** Aggressive resource drilling continued to extend mine planning horizons of the four key operating assets with at times up to nine underground and surface rigs operating.

- In parallel, optimisation studies were conducted across the three paused assets (South Emu-Triton, Comet and Fender mines) to determine potential restart opportunities. This work has led to the decision to restart the Fender mine at Big Bell in FY22.
- The Great Fingall mining study was completed on the back of significant resource update after completion of the Fingall Deeps drilling program, with a final investment decision in Q1, FY24.
- The Big Bell Deeps expansion study is close to completion. The new operating plan materially extends the mine life, grade and production profile of the orebody and a financial investment decision in Q2, FY24.

DESCRIPTION OF BUSINESS

Westgold is a progressive and innovative gold producer with a large and strategic land package in the Murchison and Bryah regions of Western Australia. Within the Murchison regions (the “**Murchison Operations**”), Westgold operates around the regional town of Cue, which encompasses the mining centres of Big Bell, Cuddingwarra, Day Dawn and Tuckabianna (the “**Cue Gold Operations**”) and the regional town of Meekathara, which encompasses the mining centres of Meekathara North, Paddy’s Flat, Yaloginda, Nannine and Reedy’s (the “**Meekatharra Operations**”). The Cue Gold Operations include the Company’s large Big Bell sub-level caving underground mine (“**Big Bell**”), and the Tuckabianna Processing Hub (“**Tuckabianna Processing Hub**”). The Meekatharra Operations includes the Company’s Bluebird underground hole open stoping operation (“**Bluebird**”), 1.6-1.8Mtpa Bluebird Processing Hub (the “**Bluebird Processing Hub**”), and the Paddy’s Flat operation (the “**Paddy’s Flat**”).

Within the Bryah region (the “**Bryah Operations**”), Westgold operates across the mining centers of Labouchere, Fortnum, Horseshoe and Peak Hill (the “**Fortum Operations**”). The Fortum Operations includes the starlight underground mine (“**Starlight**”) Fortum Processing Hub (“**Fortnum Processing Hub**”).

The gold endowment of the region is extensive with the Murchison region being one of the largest historic goldfields in Western Australia. To date, the Murchison Operations have produced more than 10 million ounces of gold with Westgold reporting a total Mineral Resource of 7.9 million ounces and 2.1 million ounces of gold in Ore Reserves in compliance with JORC Code 2012. During FY23, Westgold consolidated its operations to four underground mines and three processing plants and produced 257,116 ounces of gold from its Bryah Operations and Murchison Operations.

Business Values

Westgold is committed to upholding the highest standards of ethical conduct and responsible mining practices. Westgold’s core values are deeply integrated into the Company’s daily operations and strategic decisions, guiding actions and ensuring the Company maintains our reputation as a leader in the mining industry. These values include:

- **Choose Safety:**
 - Think safety and act safely;
 - Look out for each other;
 - Protect the environment.
- **Show Respect**

- Appreciate everyone for who they are and what they contribute;
- Enable everyone to do a great job;
- Grow strong teams and communities.
- **Deliver Value**
 - Plan to succeed as a team;
 - Execute with excellence;
 - Rise to the challenge and keep on improving.

These values not only define who Westgold is as a company but also drive our approach to business and our relationships with stakeholders. By adhering to these principles, Westgold aims to continue building a resilient and sustainable mining operation.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

In FY23, Westgold committed to and commenced the development and implementation of a single ESG framework to support its growth ambitions, systems development and continual improvement strategies.

Our People, Safety, Health, and the Environment

Westgold has achieved a significant year on year improvement in safety. In FY23, there were no fatalities or serious disabling injuries at Westgold. Westgold's Total Recordable Injury Frequency Rate showed considerable improvement with a 63% reduction on the previous year, finishing at 8.37 injuries per million hours worked. Westgold's Lost Time Injury Frequency Rate reduced from 1.41 to 0.64, which is a 55% reduction for FY23.

CET Project - Tuckabianna Hybrid Power facility in operation

Westgold's first hybrid power station was commissioned in July at the Tuckabianna site, near Cue (the "**CET Project**").

The Tuckabianna Facility uses a combination of solar, battery storage and liquefied natural gas (LNG) to deliver a reduction of approximately 15kt of CO2 equivalent emissions, 10 million litre reduction in annual diesel usage and a meaningful reduction in the cost of power. The facility includes a 6 MW solar farm fitted with 11,088 photovoltaic panels, a battery energy storage system with 2.4 MW installed capacity, and a 9.5 MW gas-fuelled power station.

Tuckabianna is the first of four hybrid power stations Westgold brought online.

The four new hybrid power facilities, which replace five diesel-fired power stations will reduce carbon emissions by approximately 56 per cent on the existing diesel facilities, with a 38 million litre reduction per annum in diesel fuel usage.

OVERALL PERFORMANCE AND OPERATING RESULTS FY23

Operating Data

Westgold's physical and financial outputs for the year ended 30 June 2023 and prior corresponding year are summarised in Table 1 below.

Table 1: Westgold's Operating Performance

Operating Performance	30 June 2023	30 June 2022
Gold Operations (Consolidated)		
Tonnes milled (t)	3,625,035	3,697,925
Recoveries	90%	90%
Gold milled, grade (g/t Au)	2.5	2.5
Gold produced (ounces)	257,116	270,884
Gold sold (ounces)	256,009	269,705
Average realised price (\$/oz sold)	\$2,556	\$2,401
Cash operating costs (\$/oz produced) ¹	\$1,795	\$1,525
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$1,999	\$1,692
Gold (Murchison)		
Tonnes milled (t)	2,822,282	2,872,855
Gold milled, grade (g/t Au)	2.5	2.5
Gold produced (ounces)	203,382	204,937
Gold sold (ounces)	202,026	203,986
Cash operating cost (\$/oz produced) ¹	\$1,782	\$1,582
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$1,971	\$1,748
Gold (Bryah)		
Tonnes milled (t)	802,753	825,070
Gold milled, grade (g/t Au)	2.2	2.6
Gold produced (ounces)	53,735	65,947
Gold sold (ounces)	53,983	65,719
Cash operating cost (\$/oz produced) ¹	\$1,845	\$1,356
All-in sustaining cost (AISC) (\$/oz sold) ¹	\$2,103	\$1,525

1. Non-IFRS: The definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this MD&A.

FY23 Group Performance

Westgold processed 3,625,035t (FY22 – 3,697,925t) of ore in total at an average grade of 2.5g/t Au (FY22 – 2.5g/t Au), producing 257,116oz of gold (FY22 – 270,884oz). Gold production was lower than the prior year predominantly due to three underground operations were put on care and maintenance, all business units restructured and Group expenditure and commercial processes reviewed.

Group AISC in FY23 increased to \$514M (FY22 - \$458M). The increase was driven predominantly by high cost pressures in the first half of FY23, impacted by inflation.

Exploration and studies

Westgold continued to invest in drilling with at times up to nine underground and surface drill rigs operating across the business during the year. The focus remained on extending the mine planning horizons of the four key operating mines, along with exploring for new mining opportunities as part of the greenfields/new mine programs.

Optimisation studies continued on previously paused assets (South Emu-Triton, Comet and Fender mines) to determine potential restart opportunities. This work has led to the decision to restart the Fender mine at Big Bell in Q1, FY24 with first ore in early Q2, FY24.

The Great Fingall mining study was completed on the back of significant resource update after completion of the Fingall Deeps drilling program, with a final investment decision in Q1, FY24.

The Big Bell Deeps expansion study is close to completion. The new operating plan materially extends the mine life, grade and production profile of the orebody and a financial investment in Q2, FY24.

Operating Costs

FY23 saw the Group AISC increase (FY23 \$514M vs FY22 \$458M), driven by:

- **Mining costs decreases** - due to the fact that three underground operations were put on care and maintenance.
- **Processing costs increases** - as a result of high-cost pressures in the first half of FY23, impacted by inflation.
- **Higher consumption (and hence monetisation) of open pit and low-grade stockpiles** – (FY23 \$54M vs FY22 \$119M of build-up) mainly at the Bluebird Processing Hub (non-cash movement).
- Higher sustaining capital at the Starlight underground mine - due to the extensions to the current underground mine.

Capital Expenditure

Capital expenditure during FY23 of \$147M (FY22 - \$239M) with the continued investment of the Great Fingall and Fender development projects. The remainder of the capital expenditure is predominately for the ongoing expansion of the Bluebird, Big Bell and Starlight underground mines, processing facility upgrades and camp infrastructure.

Exploration and resource development spend was \$19M for FY23 (FY22 - \$18M). This is tracking in line with the FY23 exploration expenditure guidance as Westgold continues to invest in exploration within its extensive tenement holdings.

Bryah Operation Review

Westgold's Bryah Operations, consisting of the Fortum Operations, is underpinned by Starlight supplying ore to the Fortnum Processing Hub. Throughput at the Fortnum Processing Hub is also supplemented with previously mined regional open pit ore and surface stocks.

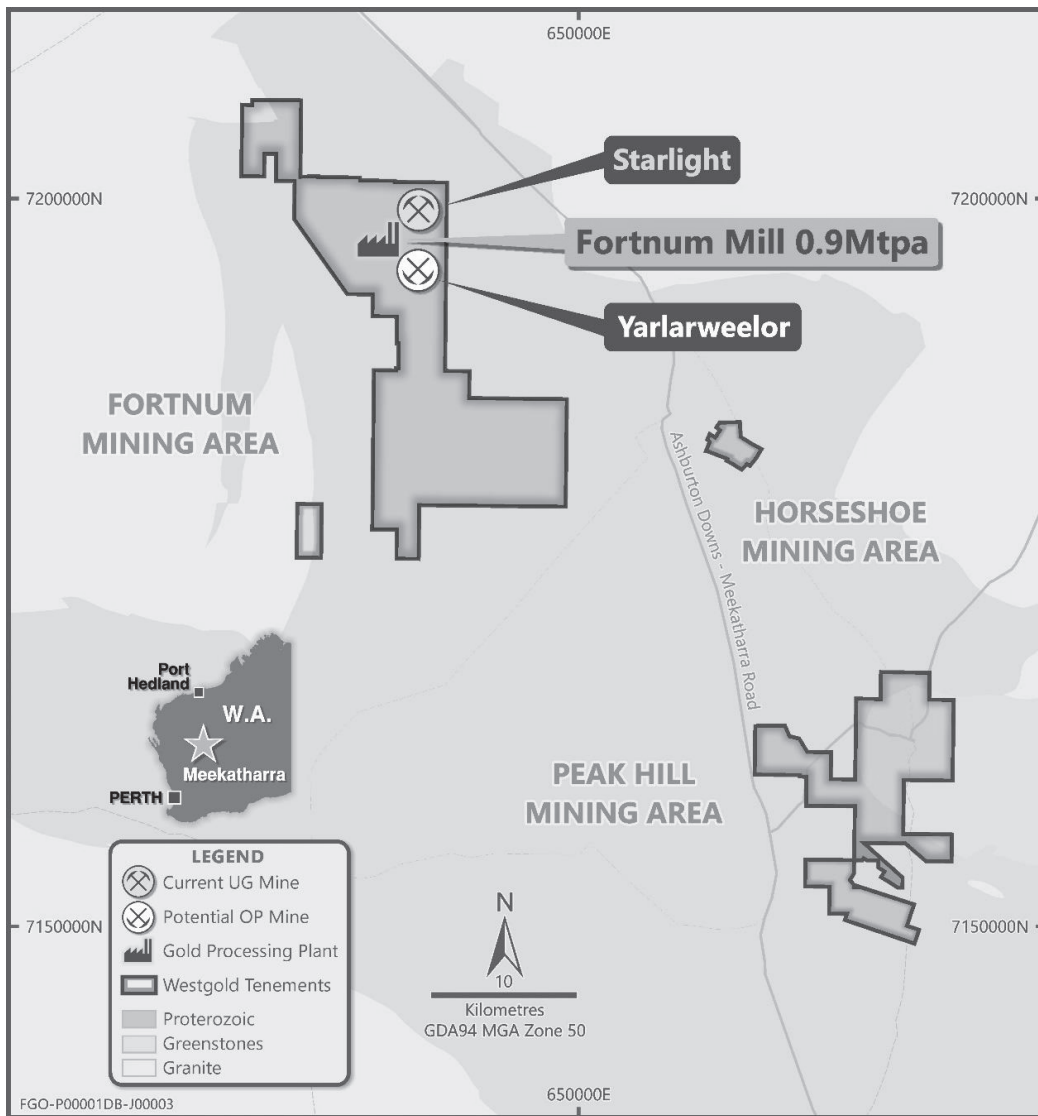


Figure 1: Westgold's Bryah Operation

The Bryah Operations produced 53,735oz in FY23 (FY22 – 65,947oz) at an AISC of \$2,103/oz (FY22 – \$1,525/oz).

- **Fortnum Processing Hub**

Throughput and grade at the Fortnum Processing Hub was below slightly target. **802,753t** of ore was processed in the year (FY22 – 825,070t) at a grade of **2.2g/t Au** (FY22 – 2.6g/t) and **96%** metallurgical recovery, resulting in **53,735oz** of gold being produced (FY22 – 65,947oz).

- **Starlight Underground**

In FY23, Starlight produced **687,395t** (FY22 – 705,868t) of ore at a grade of **2.4g/t Au** (FY22 – 2.9g/t) for **50.7koz** mined (FY22 – 61.6koz).

Early in the year the Starlight mine was strategically slowed down due to a lack of forward information. Aggressive grade control and resource definition drilling continued during the year and now there is negligible core backlog, with information allowing better future decisions to be made.

Vast stockpiles remain at Fortnum and a 'right sized' Starlight delivering lower tonnage to the Fortnum mill at a higher grade will provide a superior economic outcome as the mine stabilises into the new financial year.

- **Near Mine Exploration and Development**

After an intensive six months of technical work and focus on operational discipline, the turnaround process at Starlight is well underway.

An immense amount of effort has gone into acquiring and integrating sufficient geological data to provide certainty around the next three years of the mine plan at Starlight, which in turn allows for more robust schedules to be developed. With this achieved, a significant portion of drilling time during the current year has been spent focusing on the high-grade Nightfall zone adjacent to the main Starlight workings. 16.48m at 16.50g/t Au from 38m in NF1160GC06 and 9.62m at 35.04g/t Au from 165m in NF1205GC078 are amongst the more impressive results returned at Nightfall.

These augur well for the ongoing ability of Nightfall to act as a higher-grade feed source to complement baseload Starlight production.

- **Comparison year to year – FY23 against FY22**

The Fortnum Processing Hub saw a decrease in gold produced by 12,212oz (FY23: 53,735oz vs FY22: 65,947oz) due to the decrease in mill grades (FY23: 2.2g/t vs FY22: 2.6g/t) from the Nightfall lode at the Starlight mine. The decreased production resulted in higher AISC/oz (FY23: \$2,103/oz vs FY22: \$1,525/oz). Fortnum had a challenging year with weaker results delivered from the Starlight underground mine. This resulted in an operational restructure focused on optimising the mine plan, targeting key mining areas including the Moonlight, Twilight North, Galaxy and Trev's lodes.

Murchison Operations Review

The Murchison Operations consists of two separate operating segments (1) Cue Gold Operations, comprised of one operating underground mines (Big Bell) and one Processing Hub (Tuckabianna Processing Hub) and (2) Meekatharra Operations, comprised of two underground mines (Bluebird and Paddy's Flat) and one Processing Hub (Bluebird Processing Hub).

The combined Murchison Operations produced 203,382oz at an AISC of \$1,971/oz. The lower production compared to the prior year resulted from 3 paused underground mines (South Emu-Triton, Comet and Fender mines) during the year.

Meekatharra

The Bluebird Processing Hub treats ore from the Paddy's Flat, Bluebird and Big Bell, plus various surface regional stockpiles.

- **Bluebird Processing Hub**

The Bluebird Processing Hub produced 112,614oz (FY22 – 107,827oz) by processing 1,494,123t of ore (FY22 – 1,527,840). Higher grade ore and increased volumes were feed from the Bluebird underground (3.74g/t Au vs FY22 3.1g/t), along with the Paddy's Flat mine. Recovery was steady at 89%.

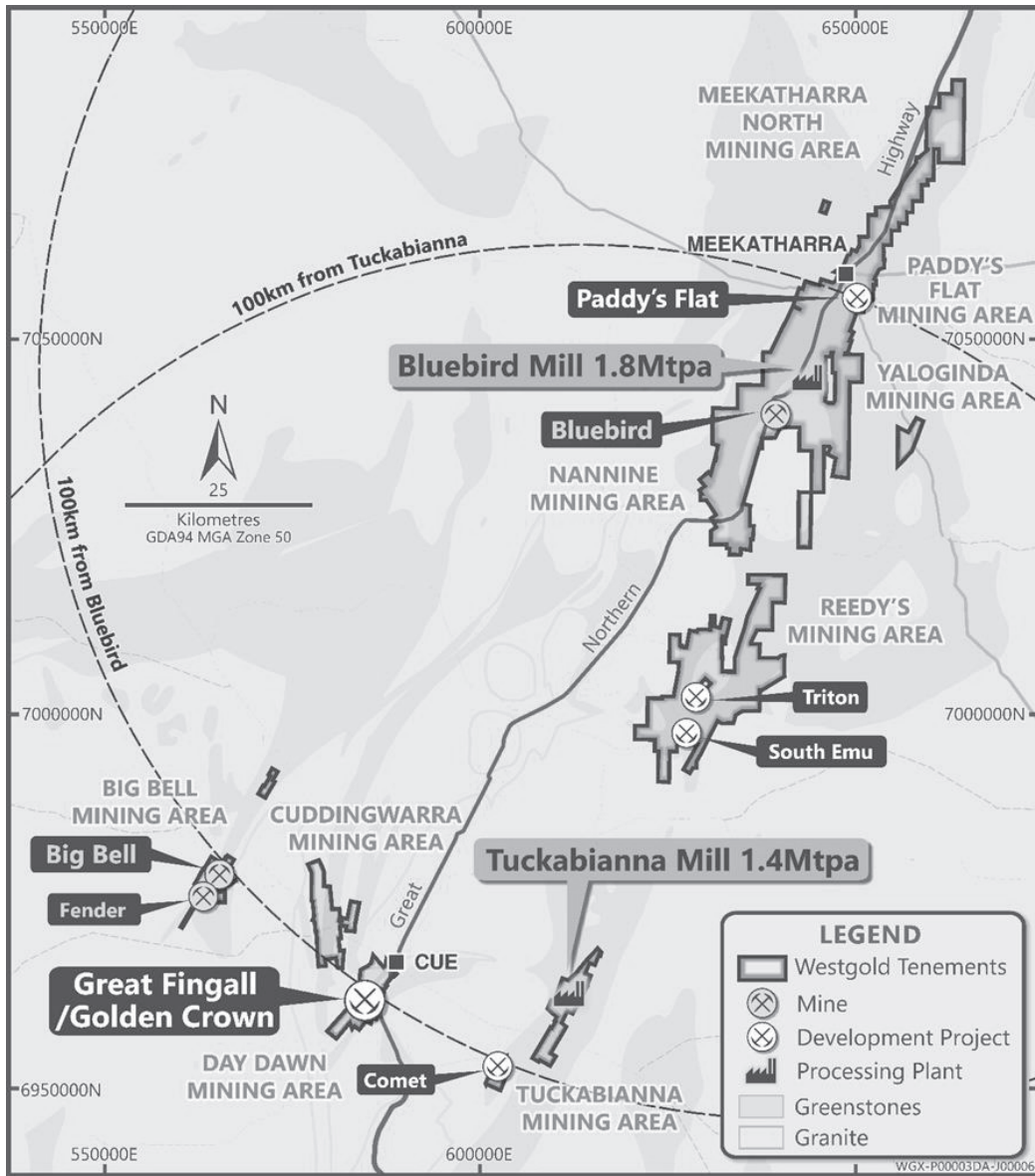


Figure 2: Westgold's Murchison Operation

- **Bluebird**

Bluebird produced 443,127t at 3.74g/t Au for the year.

Bluebird's ore production increased year on year (FY22 – 289,568t) and achieved an increase to mined grade (FY22 – 3.1g/t). The Bluebird underground mine has been expanding rapidly since recommencement of mining in mid FY22, with further extensions and opportunities being identified. A second decline commenced in mid FY23 to expand the mining footprint with outputs continuing to rise with grades well above the original plan.

- **Bluebird Near Mine Exploration and Development**

The exceptional production results at Bluebird have been accompanied by a string of excellent drill results which have further expanded the resource base and translated directly to extensions to the mine plan.

Results such as **5.19m at 30.91g/t Au from 231m in 22BLDD259, 19.59m at 3.94g/t Au from 140m in 23BLDD025 and 9m at 13.6g/t Au from 638m in 23BLDD089** highlight the extraordinary quality of the Bluebird orebody, with Westgold operating three drill rigs for the majority of the year to both extend the Bluebird zone and undertake initial quantification of the proximal South Junction lodes.

- **Paddy's Flat**

Paddy's Flat produced 632,162t at 2.8 g/t Au during FY23.

Paddy's Flat's ore production decreased year on year (FY22 – 746,533t) and achieved similar mined grade (FY22 – 2.8g/t).

At Paddy's Flat, as production from the bulk prohibition lodes draw to a close, geological work has focused on extending the known high-grade thrust and spur systems.

- **Paddy's Flat Near Mine Exploration and Development**

Eight years after commencement of mining at Paddy's Flat, first production from the high-grade virgin extension of the Fenian's - Consols system has been achieved. This is a significant milestone in the process of right-sizing Paddy's Flat to ensure its future as a smaller-scale, high grade mine now bulk Prohibition ore lodes are coming to an end.

Drilling efforts to support this new phase of mining at Consols have continued to provide encouragement, with results such as **6.81m at 11.95g/t Au from 55m in 23CNDD103 and 10.34m at 9.67g/t Au from the collar in 23CNDD113** supporting Westgold's expectations around production grade from Consols.

Additional works testing extensions to the Mudlode orebody have increased confidence, with results such as **20.00m at 4.14g/t Au from 50m in 23MUDD175 and 14.59m at 3.71g/t Au from 47m in 23MUDD222** being amongst the better intervals returned.

- **Comparison year to year– FY23 against FY22**

The Bluebird Processing Hub saw an increase in gold produced by 4,787oz (FY23: 112,614oz vs FY22: 107,827oz) due to higher grade ore processed (FY23: 2.6g/t vs FY22: 2.5g/t) with an improved metallurgical recovery of **89%** (FY22 – 88%). This contributes to the lower AISC/oz (FY23: \$1,914/oz vs FY22: \$1,975/oz) for the Murchison.

Cue Gold Operations

Westgold's Tuckabianna Processing Hub treats ore from the Big Bell supplemented with regional open pit ore and surface stocks.

- **Tuckabianna Processing Hub**

The Tuckabianna Processing Hub produced **90,769oz** of gold in FY23 (FY22 – 97,110oz).

The hub processed **1,328,159t** of ore, slightly lower than prior year (FY22 – 1,345,015t) at a lower grade of **2.4 g/t Au** (FY22 2.5g/t) with a decreased metallurgical recovery of **87%** (FY22 – 89%). Weather related constraints impacted ore haulage at the start of the 2023, resulting in increased volumes of lower grade stockpiles in the mill feed.

- **Big Bell Underground**

Big Bell produced 1,128,695t at 2.62 g/t Au for the year.

Production rate was higher and grades were higher in FY23 (FY22 – 913,248t at 2.6g/t Au). The production record was delivered due to the mine producing increased ore volumes at higher grades. The cave is now at the 685 level, opening more production fronts and allowed access to some very high grades mid-way through the quarter. Mined grades are expected to return closer to reserve grades over the ensuing quarters as high-grade zones are depleted.

- **Comet**

Comet produced 39,209t at 2.9 g/t Au for the year.

Comet was closed early in FY23 due to diminishing gold inventory on upcoming levels.

- **Cue Near Mine Exploration and Development**

At Big Bell, the Expansion Feasibility Study works have continued, with the study remaining on track. Key achievements have been the completion of the paste testwork programme, advancement of the paste plant design and progression of backfill study.

Westgold engaged with suppliers to ensure key contracts are in place for long lead time items and critical services.

In parallel to the Expansion Feasibility Study works, the ongoing drilling programme at Big Bell has been accelerated with a second drill rig mobilised in June to assist with further definition around the **50.37m at 5.05g/t Au from 746.6m (true width 15m) in-22BBDD0120A**. Better results received include **39m at 2.75g/t Au from 433m and 9m at 4.39g/t Au from 598m both in 22BBDD0119C and 32.61m at 3.86g/t Au from 648m in 22BBDD0123A**.

- **Comparison year to year – FY23 against FY22**

The Tuckabianna Processing Hub saw a decrease in gold produced by 6,341oz (FY23: 90,769oz vs FY22: 97,110oz) due to lower mill grade (FY23: 2.4g/t vs FY22: 2.5g/t) and a decreased metallurgical recovery of **87%** (FY22 – 89%). Production was also impacted by ore haulage disruptions from Big Bell due to inclement weather which increased proportions of lower grade stockpiles in mill feed. The decreased production contributed to the higher AISC/oz (FY23: \$2,042/oz vs FY22: \$1,493/oz) for the Murchison Operations.

EXPLORATION

Greenfields exploration activities across the Company's highly prospective 1,300km² tenement portfolio continued during FY23. Key target locations are shown on Figure 3 with key activities for FY23 including::

- 2,563m of Diamond Drilling (DD) at Great Fingall Deeps;
- 4,154m of Reverse Circulation Drilling (RC) at the Fingall North, Pegasus North, Lady Kathleen and Rand West targets;
- 8,877m of air core drilling at the Emerald Bore target;

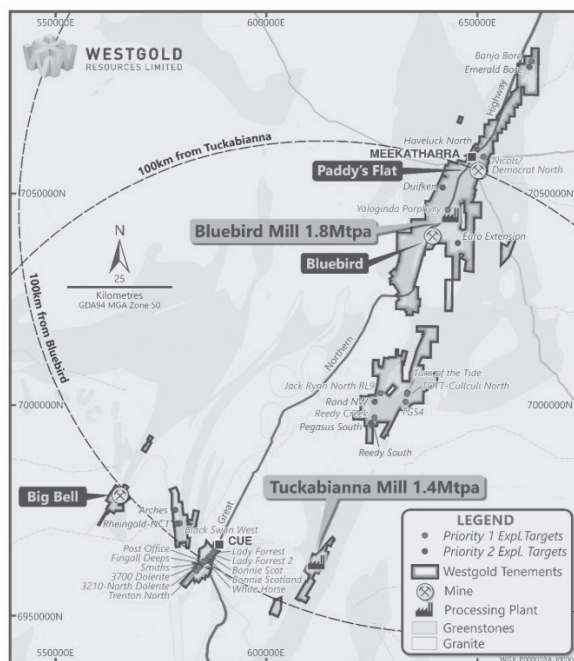


Figure 3: FY23 Priority Exploration Targets Within the Murchison Project Tenure

- **Fingall Deeps – Day Dawn**
The Fingall Deeps diamond drilling programme continued during April but was suspended during May to allow a geological model update and a revision of the Mineral Resource Estimate. Drilling subsequently recommenced in late June 2023 as part of the Fingall Deeps Stage 2 programme.
- **Reverse Circulation Drilling Programmes**
During the year RC drilling programmes were completed across 4 earlier stage exploration targets including Fingall North and Lady Forrester at Day Dawn, and Pegasus North, Lady Kathleen and Rand West at Reedy's.
Encouraging results were returned from both Rand West (e.g. **5.0m @ 6.83g/t Au in hole 23MLRC023** and **2.0m @ 4.95g/t Au in hole 23MLRC013**) and Lady Kathleen (e.g. **7.0m @ 7.55g/t Au in hole 23MLRC007** and **2.0m @ 11.24g/t Au in hole 23MLRC009**).
- **Emerald Bore AC Drilling Programmes**
In June 2023, AC drilling programmes commenced across various targets in the Emerald Bore region located north of Meekatharra.

FINANCIAL RESULTS

<i>(in Australian dollars)</i>	30 June 2023	30 June 2022	30 June 2021
Continuing operations			
Revenue	654,371,234	647,576,618	571,170,198
Cost of sales	(631,598,901)	(620,300,818)	(455,456,036)
Gross profit	22,772,333	27,275,800	115,714,162
Other income	10,999,888	4,663,417	2,292,234
Finance costs	(2,457,285)	(1,398,660)	(347,475)
Other expenses	(17,369,902)	(12,967,460)	(10,881,936)
Impairment of mine properties and property plant and equipment	-	(175,535,410)	-
Net (loss)/ gain on fair value changes of financial assets	4,435	(2,014,040)	5,202,140
Exploration and evaluation expenditure written off	-	(110,165)	(86,058)
Profit/(loss) before income tax from continuing operations	13,949,469	(160,086,518)	111,893,067
Income tax (expense)/benefit	(3,945,985)	48,967,227	(35,141,187)
Net profit/(loss) for the year	10,003,484	(111,119,291)	76,751,880
Other comprehensive profit for the year, net of tax	-	-	-
Total comprehensive profit/(loss) for the year	10,003,484	(111,119,291)	76,751,880
Total comprehensive profit/(loss) attributable to:	-	-	-
members of the parent entity	10,003,484	(111,119,291)	76,751,880
	10,003,484	(111,119,291)	76,751,880

<i>(in Australian dollars)</i>	30 June 2023	30 June 2022	30 June 2021
Earnings/(loss) per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic earnings/(loss) per share			
Continuing operations	2.11	(25.32)	18.16
Diluted earnings/(loss) per share			
Continuing operations	2.11	(25.32)	18.12

<i>(in Australian dollars)</i>	30 June 2023	30 June 2022	30 June 2021
Cash and cash equivalents	176,411,855	182,701,502	150,684,029
Current Assets	276,605,518	293,263,436	222,464,918
Non-current assets	536,646,318	533,911,138	677,505,012
Total Assets	813,251,836	827,174,574	899,969,930
Current Liabilities	106,979,443	123,925,769	118,150,760
Non-current liabilities	107,933,095	115,481,348	174,458,863
Total Liabilities	214,912,538	239,407,117	292,609,623
NET ASSETS	598,339,298	587,767,457	607,360,307

<i>(in Australian cents)</i>	30 June 2023	30 June 2022	30 June 2021
Dividend declared per-share	-	-	2.0

Income Statement

Revenue

For FY23, the Company generated revenue of \$654M, a 1% increase from FY22. The lower production was largely offset by the higher achieved gold price in FY23 – \$2,556/oz (FY22 – \$2,401/oz) due to the cessation of fixed forward sales contracts and continuing to be favourably exposed to the elevated spot prices.

Cost of Sales

For FY23, cost of sales totalled \$632M compared to FY22 of \$620M. The increase was due to high cost pressures in the first half of FY23, impact by inflation.

Royalty Expense

Royalty expense, included within cost of sales, totalled \$23M in FY23 and \$24M for FY22. Royalty expense has remained in line with the prior year with the decrease in gold ounces produced being offset by the increases in gold prices during FY23.

Other Income

Other income totalled \$11M in FY23 and \$5M for FY22. The increase in other income for FY23 is largely the result of net gains on the sale of assets as well as interest income from the increased cash at bank position.

Other Expenses

Administration expense totalled \$17M in FY23 and \$13M for FY22. The increase in administration expense during FY23 is due to improvements in employee remuneration and benefits required to attract and retain talent as the labour market remains very competitive.

Net Earnings/(Loss)

Net earnings totalled \$10M (2.11 cents basic earnings per share) in FY23, compared to net loss \$111M (25.32 cents basic loss per share) in FY22.

This is substantially due to mine properties and property plant and equipment was impaired by \$175M in FY22.

Financial Position as at 30 June 2023

Current Assets

As at 30 June 2023, the Company's current assets totalled \$277M and current liabilities amounted to \$107M for a net current asset surplus of \$170M. The majority of current assets are cash and cash equivalents of \$176M and inventories of \$83M. The net current assets remained similar when compared to \$169M as at 30 June 2022, was predominantly the result of lower cash and cash equivalents and lower interest-bearing loans and borrowing as at the year end.

Non-Current Assets

Non-current assets increased to \$537M at 30 June 2023. This increase was mainly in exploration and evaluation expenditure, reflecting capitalised exploration expenditure in the year.

Current Liabilities

Current liabilities decreased to \$107M as at 30 June 2023 predominantly as a result of timing differences related to working capital due to timing of creditor payments and lower interest-bearing loans and borrowing compared to 30 June 2022.

Non-Current Liabilities

Non-current liabilities decreased by \$8M as at 30 June 2023 primarily relating to an decrease in interesting bearing loans and borrowing through the financing for various items of plant and machinery.

Gold Hedging

Westgold's hedge position decreased during the year to 10,000oz hedged at an average \$2,459/oz.

During 2023, when A\$ gold was pushing through \$2,900/oz, the Company put in place 30,000oz of zero cost collars comprising put options at \$2,700/oz and call options at \$3,340/oz for deliveries of 2,500oz per month from July 2023 to June 2024, subject to the put and call being struck.

This strategy protects the downside of gold price volatility with the put option only being triggered if the gold price falls to \$2,700/oz. The upside on this small volume of production is also capped and again, only triggered if the gold price hits \$3,340/oz.

Liquidity and Capital Resources

In management's view, Westgold has sufficient financial resources to fund the operations, planned exploration programs and ongoing operating expenses. As of 30 June 2023, Westgold had cash of \$176,411,855, compared to \$182,701,502 as at 30 June 2022.

The Company is subject to risks and challenges similar to other companies in a comparable stage of operation, exploration and development. These risks include, but are not limited to, losses, successfully raising cash flows through debt or equity markets and the successful operation and development of its mineral property interests to satisfy its commitments and continue as a going concern.

The Company's liquidity position is sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting gold production targets, gold prices, foreign exchange rates, operational costs and capital expenditures. If the Company's cash and cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company. The Audited Consolidated Financial Report do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

The Company may require the issuance of equity or other forms of financing to complete or accelerate programs associated with any future development and exploration initiatives that are not contemplated in its current life of mine plan. Westgold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on operating performance and on global markets, in particular, the price of gold and currency exchange rates.

<i>(in Australian dollars)</i>	2023	2022
Cash provided by operating activities	168,433,218	179,855,454
Cash used in investing activities	(158,074,095)	(201,009,289)
Cash provided by/ (used in) financing activities	(16,648,770)	53,171,308
Change in cash and cash equivalents	(6,289,647)	32,017,473
Cash and cash equivalents at the beginning of the period	182,701,502	150,684,029
Cash and cash equivalents at the end of the period	176,411,855	182,701,502

Operating Activities

Cash generated by operating activities totalled \$168M for the year ended 30 June 2023, compared to cash generated of \$180M for FY22. This reflects a decrease in gold sales ounces as a result of the lower amount of gold produced. In addition, a continued focus and reduction in the cost of sales, as a result of Westgold's decisive action to address the fixed cost base, also assisted in maintaining positive cashflows.

Investing Activities

Cash used in investing activities for the year ended 30 June 2023 totalled (\$158M), compared to cash used of (\$201M) for FY22. Cash flow applied to investing activities in the current year relate to key growth capital at the Big Bell underground mine, Starlight underground mine and the Bluebird and Paddy's Flat underground mines, along with investment in the new power stations for the CET Project. Other capital investment was sustaining capital in all of the operating underground mines to maintain developed tonnes and production output at similar levels.

Financing Activities

Cash used in financing activities for the year ended 30 June 2023 totalled (\$16M), compared to an inflow by of (\$53M) for FY22. The Group's interest-bearing loans and borrowings decreased to \$27M (2022: \$43M) due to Diesel generators lease came to an end which has not been renewed due to the new solar plants' implementation.

Net Cash Flows

In aggregate, net cash used for the year ended 30 June 2023 totalled (\$6M) compared to net cash generated of \$32M for FY22.

OUTLOOK

Guidance

This outlook includes forward-looking information about the Company's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and the Company's ability to achieve the results and targets discussed in this section. The Company may update this outlook depending on changes in metal prices and other factors.

	Unit	Actual FY23	Full Year Guidance FY23
Gold Production	(Koz)	257	240-260
All-in Sustaining Costs	(A\$/oz sold)	1,999	1,900-2,100
Growth Capital	(A\$M)	72	60
Exploration & Resource Development	(A\$M)	19	20

1. Production guidance is based on the 2023 Mineral Resources and Ore Reserves announced on 26 August 2022.
2. Growth capital includes underground development, camp and other growth-related project, property and plant costs.
3. Exploration includes expenditure associated with all Murchison and Bryah tenure.
4. See "Non-IFRS Measures" set out at the end of this MD&A.

OUTSTANDING SHARE DATA

Westgold closed FY23 with the following capital structure:

SECURITY TYPE	NUMBER ON ISSUE
FULLY PAID ORDINARY SHARES	473,622,730
PERFORMANCE RIGHTS (RIGHTS)	4,438,946

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Transactions Between Related Parties

During the year ended 30 June 2023, there were no related party transactions, or balances owing.

Proposed Transactions

From time to time, in the normal course of business, the Company considers potential acquisitions, joint ventures, and other opportunities. The Company will disclose such an opportunity if and when required under applicable securities rules.

Subsequent Events¹

Key events relating to the period 1 July 2023 to 31 March 2024 are included within the MD&A for Q3FY24.

On 8 April 2024, Westgold and Karora announced that they have agreed to combine into a merger, pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canadian Business Corporation Act ("**CBCA**").

Pursuant to the Transaction, Karora shareholders will receive 2.5241 Westgold fully paid ordinary shares, \$0.68 in cash, and 0.30 of a share in a new company to be spun-out from Karora for each Karora common share held at the closing of the Transaction ("**Offer Consideration**"). The Offer Consideration represents approximately \$6.60 per Karora common share based on Westgold's closing share price on the ASX of \$2.28 on 5 April 2024. The Offer Consideration represents a 10.1% premium to Karora's closing share price on the Toronto Stock Exchange ("**TSX**") of \$5.995 on 5 April 2024 and a 25.3% premium to Karora's and Westgold's 20-day volume weighed average price on the TSX of \$5.552 and on the ASX of \$2.421 up to and including 5 April 2024.

Upon completion of the Transaction, Westgold shareholders will own approximately **50.1%** of the combined company (Westgold after completion of the Transaction referred to as "**Enlarged Westgold**") and former Karora shareholders will own approximately **49.9%**.

Enlarged Westgold is anticipated to have financial resources of approximately \$160 million including Westgold's existing corporate revolving facility (subject to requisite consents) and following the repayment of Karora's existing \$44 million revolving facility, combined with an outstanding forecast free cash flow profile. This represents a strong financial platform to continue investing in organic growth opportunities.

The Transaction subject to procedural matters and conditional on receiving approval of 66 ⅔% of Westgold's shareholders.

On 30 May 2024, Westgold and Ora Gold Limited ("Ora") announced that they have entered into a binding agreement in relation to a strategic Alliance with the primary aim of advancing the development of Ora's Crown Prince deposit into production, and a strategic Placement by Ora to Westgold of \$6.0m at \$0.0045 per share, equivalent to a fully diluted 15.0% pro forma shareholding in Ora. The transaction settled on 4 June 2024.

Apart from the above, no matters or circumstances have arisen since the end of the nine months period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Critical Accounting Policies and Estimates

The preparation of the Audited Consolidated Financial Report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") (Which also comply with IFRS as issued by the International Accounting Standards Board). Australian Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the Audited Consolidated Financial Report. There is disclosure of the Company's critical accounting policies and accounting estimates in notes 2 & 3 of the Audited Consolidated Financial Report for the year ended 30 June 2023.

¹ Estimates in this section are based on Enlarged Westgold's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of A\$2.28 as at 5 April 2024.

There were no changes to the accounting policies applied by the Company to its Audited Consolidated Financial Report for FY23.

Non-IFRS Measures

This MD&A refers to cash operating cost per ounce, All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses. AISC which are not recognised measures under IFRS. Such non-IFRS financial measures do not have any standardised meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company's performance assess performance in this way. Management believes that these measures better reflect the Company's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In November 2018, the World Gold Council (“WGC”) published its guidelines for reporting all-in sustaining costs. The WGC is a market development organisation for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organisation, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers.

Financial Instruments

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing cash with a major financial institutions. The Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risks relate to the Company's inability to obtain funds required to comply with its commitments, including the inability to sell a financial asset quickly enough and at a price close to its fair value. Management regularly monitors the Company's level of short- and medium-term liquidity and access to credit lines, in order to ensure appropriate financing is available for its operations. As of the date of this MD&A, the Company has not opened, or been provided access to, any lines of credit.

Cautionary Statement Regarding Forward Looking Information

This MD&A includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements in this MD&A may include, but are not limited to, statements relating to: (i) the liquidity and capital resources of Westgold; (ii) requirements for additional capital; (iii) the Company's ability to improve its cost production in FY24; (iv) government operations and approvals; (vi)

the future price of and supply and demand for metals; (vii) the continued resource and exploration development, and the ability to meet the Company's FY24 exploration expenditure guidance; (viii) the continued ability to encounter significant grades and width of mineralisation; (ix) the ability to bring all underground diamond drilling activities in-house; (x) the Company's ability to meet the repayments for equipment financing arrangements on acquired plant and equipment.

This MD&A also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Estimates of Mineral Reserves provide more certainty however still involve similar subjective judgments. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the Company's operations, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realised), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource or Mineral Reserve estimates may have to be re-estimated based on: (i) fluctuations gold or other mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans after the date of any estimates and/or changes in mine plans; (vi) the possible failure to receive required permits, approvals and licenses; and (vii) changes in law or regulation.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in this MD&A speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances.

Cautionary Note to U.S. Readers Regarding Estimates of Resources

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Company advises U.S. investors that the Securities and Exchange Commission's recently effective updated mining disclosure rules are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), but are not identical so our mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.

Qualified Persons & Disclosure of Technical Information

NI 43-101 requires that a certified Qualified Person ("QP") (as defined under the NI 43-101) supervises the preparation of the mineral resources and exploration matters contained in this MD&A.

The technical and scientific information related to Mineral Resources contained in this MD&A have been reviewed by Jake Russel B.Sc. (Hons), GM of Technical Services of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Ore Reserve Estimates contained in this MD&A have been reviewed by *Leigh Devlin, B. Eng MAusIMM*, an executive officer of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Exploration Target and Results matters contained in this MD&A have been reviewed Simon Rigby B.Sc (Hons), an employee of the Company and certified QP for the purposes of NI 43-101.

Westgold has prepared the following NI 43-101-compliant technical reports for its operating mines, each of which is available on the Company's website (www.westgold.com.au) and under Karora Resources Inc.'s profile on www.sedarplus.com.

For further information as to the total Indicated Mineral Resources and Ore Estimates, see the ASX announcement release titled "Annual Mineral Resources and Ore Reserves Statement – 23 September 2022" which is available to view at www.asx.com.au

Cautionary Statement Regarding Risks

Mining operations generally involve a high degree of inherent risk. Certain factors could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company. See the Cautionary Statement Regarding Forward Looking Information above in this MD&A. You should pay particular attention to the fact that our principal operations are conducted in Australia and are governed by legal and regulatory environments that in some respects differ from that which prevail in other countries. Westgold's business, financial condition or results of operations could be affected materially and adversely by certain risks. The reader should carefully consider these risks as disclosed in the management information circular to which this MD&A is attached, as well as other

publicly filed disclosure regarding the Company, which are available on the Company's website at <https://www.westgold.com.au/investor-centre/our-value-proposition>.

For personal use only

For personal use only



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Twelve Months Ended 30 June 2022

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	1
HIGHLIGHTS FY22	2
Introduction.....	2
Corporate Activities	2
DESCRIPTION OF BUSINESS	3
Business Values.....	4
ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)	4
Our People, Safety, Health, and the Environment	4
OVERALL PERFORMANCE AND OPERATING RESULTS FY22	5
Operating Data	5
FY22 Group Performance	5
Exploration and studies	6
Operating Costs	6
Capital Expenditure	6
Bryah Operation Review	6
Murchison Operations Review	8
EXPLORATION	12
FINANCIAL RESULTS	14
Income Statement	15
Financial Position as at 30 June 2022	16
Gold Hedging	16
Liquidity and Capital Resources	16
OUTLOOK	18
Guidance	18
OUTSTANDING SHARE DATA	18
Transactions Between Related Parties	18
Subsequent Events	18
Critical Accounting Policies and Estimates	19
Non-IFRS Measures.....	19
Financial Instruments	20
Cautionary Statement Regarding Forward Looking Information	20
Cautionary Note to U.S. Readers Regarding Estimates of Resources	21
Qualified Persons & Disclosure of Technical Information	22
Cautionary Statement Regarding Risks	22

FIGURES

Figure 1: Westgold’s Bryah Operation..... 7
Figure 2: Westgold’s Murchison Operation 9
Figure 3: FY22 Priority exploration targets..... 13

TABLES

Table 1: Westgold’s Operating Performance..... 5

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") represents significant factors and information management deems essential for understanding the consolidated financial condition and operational performance of Westgold Resources Limited and its subsidiaries ("**Westgold**" or the "**Company**") and of the Consolidated Entity, being the Company and its controlled entities (the "**Group**"), for the twelve months ended 30 June 2022 ("**FY22**"). This MD&A should be read alongside the Company's Audited Consolidated Financial Report for the year ended 30 June 2022 and the Quarterly Activity Reports lodged with the Australian Securities Exchange ("**ASX**"). The Audited Consolidated Financial Report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("**AASB**"), which also comply with International Financials Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. This MD&A includes certain forward-looking statements, with reference made to the "Cautionary Statement Regarding Forward-Looking Information" located at the end of this document.

For the purpose of preparing this MD&A, management, together with the Company's board of directors, regards information as material if:

- (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or
- (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Additional information related to the Company, can be viewed on the ASX website (www.asx.com.au) and the Company's website (www.westgold.com.au).

This MD&A includes certain non-IFRS measures. The Company believes that these measures provide investors with enhanced ability to evaluate the underlying performance of the Company. Non-IFRS measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. Non-IFRS measures do not have any standardised meaning prescribed under IFRS, and therefore they may not be comparable to similar measures presented by other issuers.

All dollar figures stated herein are expressed in Australian dollars and Millions of dollars are expressed in ("**M**"), except for per share or per ounce amounts or unless otherwise specified. Information contained herein is presented as at 30 June 2022, unless otherwise indicated. The issue date of this MD&A is 14 June 2024.

HIGHLIGHTS FY22

Introduction

Westgold operates across the Murchison and Bryah regions of Western Australia. The Murchison Operations incorporates five underground mines (Big Bell, Comet, South Emu Triton, Paddys Flat and Bluebird), one mine in early stage development (Fender), with multiple open pits over the period, focussed in the Cuddingwarra area and two processing hubs (Tuckabianna Processing Hub and Bluebird Processing Hub) and the Bryah Operations incorporates one underground mine (Starlight) and one Processing Hub (Fortnum Processing Hub), along with regional stockpiles in all centres.

- **Production:** Gold produced in **FY22 of 270,884oz** was higher than the twelve months ended 30 June 2021 (“**FY21**”) of 245,411oz. The results reflected the ramp up in the Bluebird and Big Bell underground mines, along with higher grade open pits in the Cuddingwarra area.
- **Revenue:** In **FY22, 269,705oz** of gold was sold at an achieved gold price of **\$2,401/oz** generated **\$648M** in revenue. This was higher than the \$571M generated in FY21, in which 245,411oz were sold at an achieved gold price of \$2,330/oz. Revenue for **FY22 of \$77M** is higher than FY21 predominantly due to the higher gold production during the year.
- **Production and Processing Costs:** Total ore processed in **FY22 – 3,697,925t** (FY21 – 3,767,945) at an average grade of **2.5g/t Au** (FY21 – 2.3g/t Au). The higher feed grade was attributable to more ore fed from both Big Bell and Bluebird mines along with accessing the high grade areas in the Jims Find open pit at Cuddingwarra.
- **Cash Costs per Ounce Produced:** The average for **FY22 of \$1,525/oz** is higher compared to FY21 of \$1,247/oz. This was mainly driven by the increased mining activities at the Bluebird and Big Bell underground mines, along with lower grades from both South Emu Triton and Comet underground mines.
- **AISC per Ounce Produced:** The AISC for **FY22 of \$1,692/oz** increased from FY21 of \$1,411/oz was driven predominantly by the inflationary cost pressures and both Bluebird and Big Bell underground mines achieving commercial production.
- **Mine Operating Cash Flow:** With the achieved gold price in **FY22 of \$709/oz over AISC** (FY21 – \$919/oz over AISC). Westgold’s operations generated **\$183M** of mine operating cashflows in FY22 (FY21 – \$218M).
- **Cash and Bullion:** Westgold added in **FY22 \$33M** in cash and bullion, closing the year with **\$190M**.

Corporate Activities

- **Exploration and Studies:** A significant increase in resource definition drilling was undertaken at the majority of operating assets during the period including Big Bell, Bluebird, Paddys Flat, South Emu and Starlight. In addition, exploration programs were completed at both Comet North and Coventry in support of ongoing development studies. Importantly, the Company commenced investment into new mine / greenfields exploration for the first time in a number of years with a new specialised team formed who immediately commenced data collection and targeting activities across the Company’s large tenement portfolio leading to the first drill programs towards the end of the period.

- **Maiden dividend:** As first announced on 30 August 2021, the board of directors proposed the payment of a maiden cash dividend of 2.0 cents unfranked per fully paid share in recognition of Westgold’s improved financial performance for the FY21 year.
- **Equity Raising:** Successfully completed \$101M placement of 48M ordinary share at \$2.10 on 14 March 2022.
- **Non-cash Impairment:** A non-cash impairment charge of \$176M (FY21: \$Nil) is a result of the cost pressures, the Big Bell mine carrying value being significantly greater than the initial expected project development costs, the South Emu Triton and Starlight underground mines not producing the required economic returns coupled with the cessation of open pit mining.
- **Withdrawal of Takeover Offer:** On 9 November 2021 Westgold provided notice of its withdrawal of offer to acquire regional neighbour Gascoyne Resources Limited as key conditions could not be fulfilled and the cost of the infrastructure was becoming less favourable compared to the building of new capacity at Big Bell.

DESCRIPTION OF BUSINESS

Westgold is a progressive and innovative gold producer with a large and strategic land package in the Murchison and Bryah regions of Western Australia. Within the Murchison regions (the “**Murchison Operations**”), Westgold operates around the regional town of Cue, which encompasses the mining centres of Big Bell, Cuddingwarra, Day Dawn, Tuckabianna and Pinnacles (the “**Cue Gold Operations**”) and the regional town of Meekathara, which encompasses the mining centres of Meekathara North, Paddy’s Flat, Yaloginda, Nannine and Reedy’s (the “**Meekatharra Operations**”). The Cue Gold Operations include the Company’s large Big Bell sub-level caving underground mine (“**Big Bell**”), the smaller scale Comet underground mine (“**Comet**”) as well as ore from the Cuddingwarra open pits, and the Tuckabianna Processing Hub (“**Tuckabianna Processing Hub**”). The Meekatharra Operations includes the Company’s Bluebird underground open stoping operation (“**Bluebird**”), 1.6-1.8Mtpa Bluebird Processing Hub (the “**Bluebird Processing Hub**”) which received underground ore from the Paddy’s Flat underground (“**Paddy’s Flat**”), South Emu – Triton (“**South Emu – Triton**”) and Bluebird undergrounds and supplementary low grade stockpiles.

Within the Bryah region (the “**Bryah Operations**”), Westgold operates across the mining centers of Labouchere, Fortnum, Horseshoe and Peak Hill (the “**Fortnum Operations**”). The Fortnum Operations includes the starlight underground mine (“**Starlight**”) Fortnum Processing Hub (“**Fortnum Processing Hub**”).

The gold endowment of the region is extensive with the Murchison region being one of the largest historic goldfields in Western Australia. As at 30 June 2022, the Murchison Operations have produced more than 10 million ounces of gold with Westgold reporting a total Mineral Resource of 7.9 million ounces and 2.1 million ounces of gold in Ore Reserves in compliance with JORC Code 2012. During FY22, Westgold consolidated its operations to five underground mines and three processing plants and produced 270,884 ounces of gold from its Bryah Operations and Murchison Operations.

Business Values

Westgold is committed to upholding the highest standards of ethical conduct and responsible mining practices. Westgold's core values are deeply integrated into daily operations and strategic decisions, guiding Westgold's actions and ensuring we maintain Westgold's reputation as a leader in the mining industry. These values include:

- **Choose Safety:**
 - Think safety and act safely;
 - Look out for each other;
 - Protect the environment.
- **Show Respect**
 - Appreciate everyone for who they are and what they contribute;
 - Enable everyone to do a great job;
 - Grow strong teams and communities.
- **Deliver Value**
 - Plan to succeed as a team;
 - Execute with excellence;
 - Rise to the challenge and keep on improving.

These values not only define who we are as a company but also drive Westgold's approach to business and relationships with stakeholders. By adhering to these principles, Westgold aims to continue building a resilient and sustainable mining operation.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

Westgold advanced many environmental, social and governance (ESG) initiatives during the year. This included signing new electricity supply and LNG gas supply agreements that will see Westgold replace six diesel fired power stations with four new gas fired power stations which commenced in FY23.

Our People, Safety, Health, and the Environment

Westgold saw a significant reduction in Westgold's Lost Time Injury Frequency Rate from 2.44 to 1.41, which is a 53.5% reduction for the period ending 30 June 2022. Westgold's Total Recordable Injury Frequency Rate also showed considerable improvement with a 24.5% reduction on the previous year, finishing at 22.91.

In FY22, Westgold commenced a review of Westgold's approach to critical risk management led by a dedicated team of health and safety personnel. Westgold's approach is aligned with the principles of the International Council of Mining & Metals good practice guide.

OVERALL PERFORMANCE AND OPERATING RESULTS FY22

Operating Data

Westgold's physical and financial outputs for the twelve months ended 30 June 2022 and prior corresponding year are summarised in Table 1 below.

Table 1: Westgold's Operating Performance

Operating Performance	30 June 2022	30 June 2021
Gold Operations (Consolidated)		
Tonnes milled (t)	3,697,925	3,767,945
Recoveries	90%	88%
Gold milled, grade (g/t Au)	2.5	2.3
Gold produced (ounces)	270,884	245,411
Gold sold (ounces)	269,705	245,066
Average realised price (\$/oz sold)	2,401	2,330
Cash operating costs (\$/oz produced) ¹	1,525	1,247
All-in sustaining cost (AISC) (\$/oz sold) ¹	1,692	1,411
Gold (Murchison)		
Tonnes milled (t)	2,872,855	2,945,619
Gold milled, grade (g/t Au)	2.5	2.3
Gold produced (ounces)	204,937	185,146
Gold sold (ounces)	203,986	185,055
Cash operating cost (\$/oz produced) ¹	1,582	1,303
All-in sustaining cost (AISC) (\$/oz sold) ¹	1,748	1,447
Gold (Bryah)		
Tonnes milled (000s)	825,070	822,326
Gold milled, grade (g/t Au)	2.6	2.4
Gold produced (ounces)	65,947	60,265
Gold sold (ounces)	65,719	60,011
Cash operating cost (\$/oz produced) ¹	1,356	1,077
All-in sustaining cost (AISC) (\$/oz sold) ¹	1,525	1,304

1. Non-IFRS: The definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this MD&A.

FY22 Group Performance

Westgold processed **3,697,925t** (FY21 – 3,767,945t) of ore in total at an average grade of **2.5g/t Au** (FY21 – 2.3g/t Au), producing **270,884oz** of gold (FY21 – 245,411oz). The Group's full year gold production was a record and reflects the continued maturity and growth of the core assets following the rationalisation on non-core assets and focus on the expansion of the Group's activities in the Murchison Region.

Group AISC in FY22 increased year on year to **\$458M** (FY21 - \$346M). The \$112M increase was driven predominantly by the increased in mining activities, Covid-19 disruptions, supply chain and inflationary cost pressures and labour costs.

Exploration and studies

Westgold ramped up its resource definition and exploration efforts during the year with a focus on extending the mine planning horizons at Starlight at FGO, Bluebird and Paddys Flat at MGO, and Big Bell at CGO. However, drilling programs were also conducted at advanced development projects such as Coventry and Comet at CGO.

Importantly, the Company committed to restarting new mine/ greenfields exploration across its dominant and highly prospective >1,300km² tenement portfolio. This work included the recruitment of a new Exploration Manager and additional experienced staff, and the commencement of data collection and targeting activities. This included the collection of new geophysical datasets in parts of the CGO and MGO regions. Upon building a new target pipeline the drill testing of priority targets commenced with an initial focus in the Reedys and Day Dawn regions.

Operating Costs

FY22 saw the Group AISC increase (FY22 \$458M vs FY21 \$346M), driven by:

- **Supply chain and inflationary cost pressures** – Diesel fuel price increased 106% with material changes in other major consumables such as reagents, grinding balls, ground support, flights, haulage services and freight.
- **Labour costs** – persistent labour cost inflation as a result of Covid-related labour shortages and supplementary disruptions caused by isolation of close contacts.

Capital Expenditure

The reduction in capital expenditure of \$239M in FY22 (FY21 - \$266M) reflects key assets such as Big Bell and Bluebird achieving steady state operations with less requirements on growth development capital.

Exploration and resource development spend was \$18M for FY22 (FY21 - \$14M) as Westgold continues to work to expand known gold deposits and discover new gold deposits within its extensive tenement holdings.

Bryah Operation Review

Westgold's Bryah Operations, consisting of the Fortum Operations, is underpinned by Starlight supplying ore to the Fortnum Processing Hub. Throughput at the Fortnum Processing Hub is also supplemented with on surface low grade stocks providing a blended feedstock to the plant.

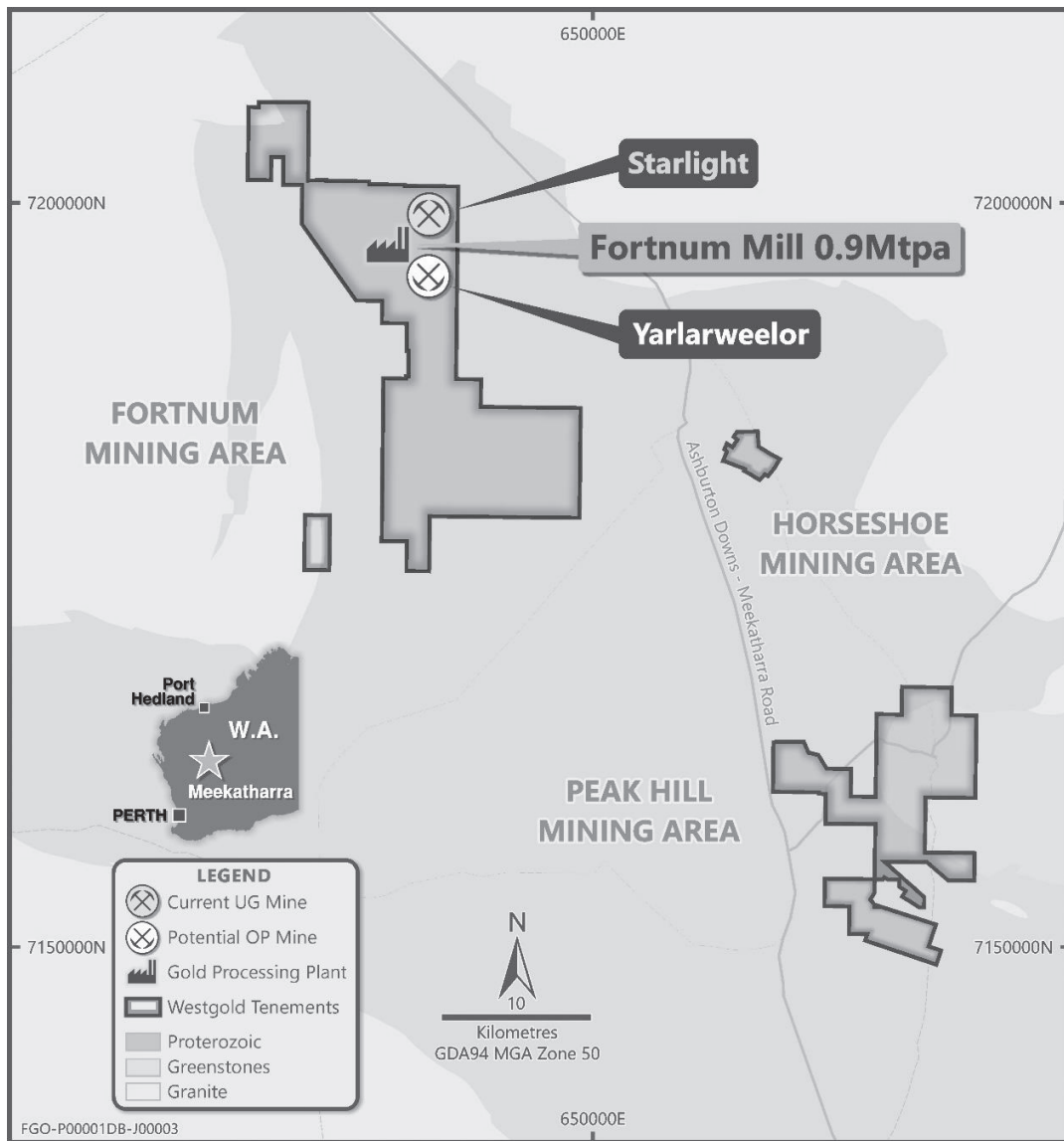


Figure 1: Westgold's Bryah Operation

The Bryah Operations produced 65,947oz in FY22 (FY21 – 60,265oz) at an AISC of \$1,525/oz (FY21 – \$1,304/oz).

- **Fortnum Processing Hub**

Throughput and grade at the Fortnum Processing Hub increased in FY22 compared to its prior period despite the processing hub being impacted by planned shutdown during the March and June quarters for a SAG and ball mill reline. **825,070t** of ore was processed in FY22 (FY21 – 822,326t) at a grade of **2.6g/t Au** (FY21 – 2.4g/t) and **95%** metallurgical recovery, resulting in **65,947** of gold being produced (FY21 – 60,265oz).

- **Starlight Underground**

In FY22, Starlight produced **705,868t** (FY21 – 703,508t) of ore at a grade of **2.9g/t Au** (FY21 – 2.7g/t) for **61.6koz** mined.

The continued improvements in grade control and execution planning at the Starlight underground resulted in an improved mine grade. The success of the Starlight mine is dependent upon continuing the high efficiency of the operation, which translates to impressive mining unit costs. Maintaining development rates in the main Starlight lodes and ensuring multiple working areas are available concurrently across the Starlight, Trev's and Moonlight zone is key to this strategy. Nightfall is an additional discrete high-grade mineralised zone which is continuing to be exposed by development and defined by drilling.

- **Near Mine Exploration and Development**

The focus at Bryah remains on extending production from the Starlight mine. Whilst the Starlight lodes continue to be Westgold's focus, and work continues apace to define these ahead of the mining front (inclusive of results such as **2.34m at 43.88g/t Au from 372m in ST1044GC07**), momentum is also being maintained on defining peripheral mineralisation, which can be accessed by the existing Starlight capital infrastructure and as such has a low barrier to production.

Intercepts such as **5.05m at 18.78g/t Au from 84m in GA1270GC31** in the Galaxy lodes and **2.0m at 45.19g/t Au from 26m in NF1195GC12** in Nightfall are examples of the success the on-site team is having in defining peripheral targets.

Regionally the initial drill testing of the Labouchere deposit was completed this year, and whilst it looks like Labouchere will initially be an opportunity for an open pit expansion as suggested by:

- 14m at 4.29g/t Au from 30m in 21LABRC040 and
- 2m at 20.55g/t Au from 45m in 21LABRC053,

further work is required to understand the potential of Labouchere to host an underground mine, with one hole from the recent surface diamond drilling program, **21LADD006**, providing encouragement by returning **16.9m at 6.31g/t Au from 190m**.

Murchison Operations Review

The Murchison Operations consists of two separate operating segments (1) Cue Gold Operations, comprised of two operating underground mines (Big Bell and Comet) and one Processing Hub (Tuckabianna Processing Hub) and (2) Meekatharra Operations, comprised of three underground mine (Bluebird, Paddy's Flat and South Emu - Triton) and one Processing Hub (Bluebird Processing Hub).

The combined Murchison Operations produced 204,937oz at an AISC of \$1,748/oz. The higher production compared to the prior period resulted from the increased ore processed from the Bluebird and Big Bell undergrounds. After four years of dewatering, mine rehabilitation, refurbishment and ramp up, the Big Bell mine achieved commercial production in April 2022 and production rates have been growing since.

Meekatharra

The Bluebird Processing Hub treats ore from the Paddy's Flat, Bluebird and South Emu – Triton , plus various surface stockpiles in the region.

- **Bluebird Processing Hub**

The Bluebird Processing Hub produced 107,827oz (FY21 – 103,061oz) by processing 1,527,840t of ore (FY21 – 1,684,490). The blended head grade in FY22 was higher at 2.5g/t compared to the prior year (FY21 – 2.2g/t) as the business ceased open pit mining during the year, despite processing 9% less tonnage during the period.

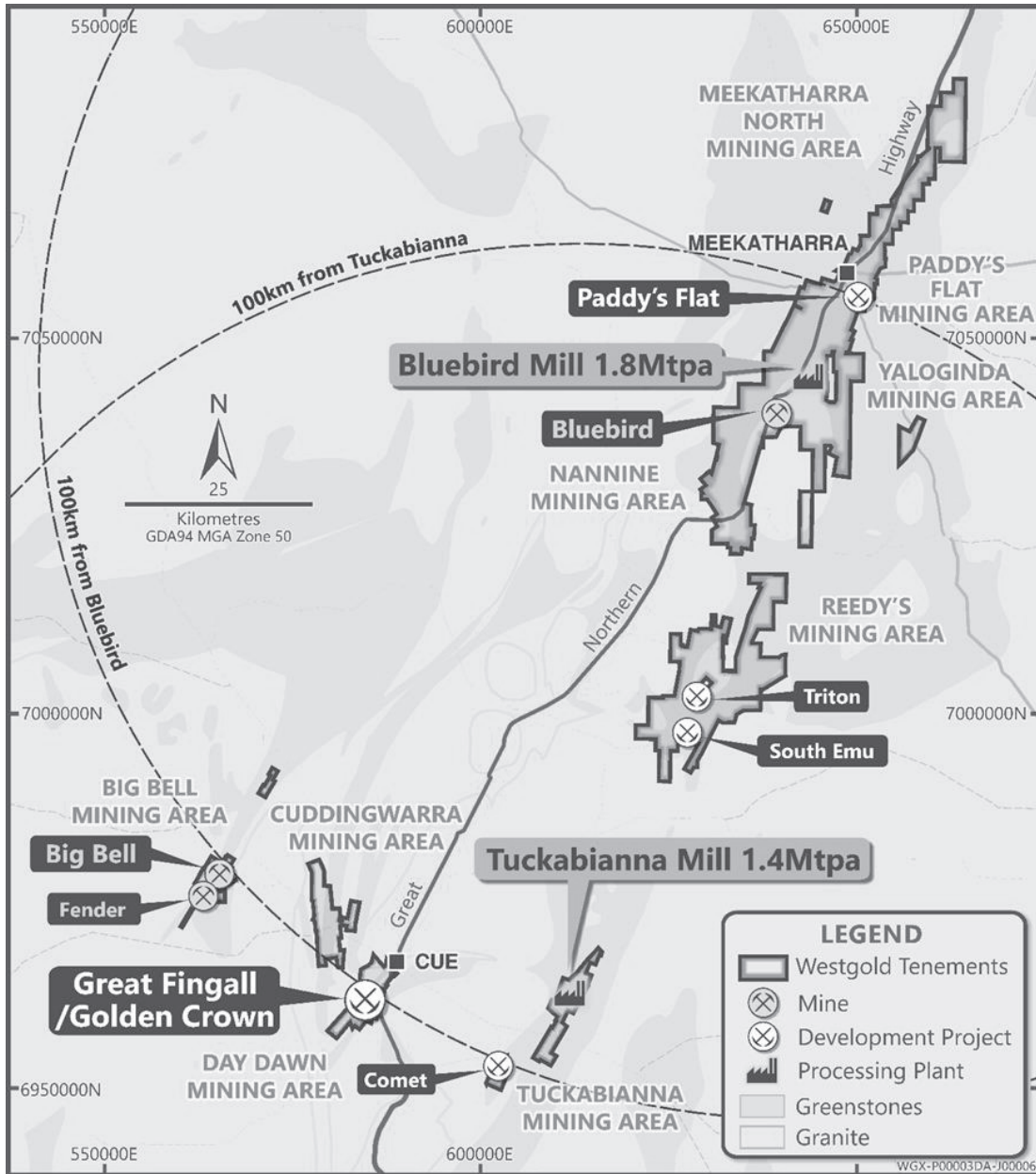


Figure 2: Westgold's Murchison Operation

- **Paddy's Flat**

Paddy's Flat produced 746,533t at 2.8 g/t Au for 56.0koz during FY22. As mentioned in the ASX announcement on 20 December 2021, arriving at the base of the rich Fenian's system of the underground mine was a major milestone for Westgold. Pleasingly grades improved year on year with ongoing high-grade ore development. Grades of up to 9 g/t Au have been reconciled from stopes in this zone.

- **Paddy's Flat Near Mine Exploration and Development**

Whilst Westgold's focus at Paddy's Flat is rightly the large baseload Prohibition system and the high grade spur mineralisation in the extensions to the historic Fenian – Consol's mines, it is important to make note of the latent capacity of the greater Paddy's Flat mineralised system.

Peripheral orebodies at Paddy's Flat have the potential to contribute materially to the overall production profile of the mine, and one such orebody, Hendrix, has been of a significant resource definition campaign. Hendrix is geometrically simple, intrusion-related orebody, from which recent drilling has highlighted robust widths and grades.

Better results from this work include:

- 10.60m at 9.46g/t Au from 38m in 21HXDD242,
- 18.77m at 8.43g/t Au from 37m in 21HXDD243 and
- 9.50m at 10.64g/t Au from 40m in 22HXDD056.

- **Bluebird**

Bluebird produced 289,568t at 3.1g/t Au for 27.6koz mine during the year. The Bluebird underground mine achieved commercial production half way through FY22. With growing confidence in the Bluebird system. Grade remained steady at 3.3g/t during the last two quarters of the period, with the underground mine delivering 27.6koz in FY22.

- **Bluebird Near Mine Exploration and Development**

Westgold's Bluebird mine continues to overdeliver on production expectations and at the same time demonstrate potential for future substantial growth. Another suite of positive results have been returned from drilling this year, inclusive of:

- 11.00m at 5.57g/t Au from 85m in 22BLDD090 and
- 6.59m at 10.02g/t Au from 81m in 22BLDD096.

- **Comparison year on year – FY22 against FY21**

The Bluebird Processing Hub saw an increase in gold produced by 4,766oz (FY22: 107,827oz vs FY21: 103,061oz) due to higher mill feed grade (FY22: 2.5g/t vs FY21: 2.2g/t) driven by the cessation of open pit mining, increased head grade at Paddy's Flat as the mine reached the rich Fenian's system. The higher AISC/oz (FY22: \$1,975/oz vs FY21: \$1,629/oz) for the Murchison was mainly driven by the consumption of open pit stockpiles during the year as Westgold ceased open pit mining.

Cue Gold Operations

Westgold's Tuckabianna Processing Hub treats ore from the Big Bell and Comet underground mines, with Cuddingwarra open pit ore, supplemented by surface stockpiles.

- **Tuckabianna Processing Hub**

The Tuckabianna Processing Hub produced **97,110oz** of gold in FY22 (FY21 – 82,086oz).

Big Bell is the primary ore source feeding the Tuckabianna Processing Hub and the mine continues its upward trajectory in both grade and tonnage. The mill overperformed in FY22 compared to FY21 with increased throughput of 83,886t at 2.5g/t Au and 89% metallurgical recovery (FY21 2.3g/t Au and 88% recovery).

- **Big Bell Underground**

Big Bell produced 913,248t at 2.6 g/t Au for 67.2koz mined for the year. Commercial production at Big Bell was declared late in FY22 as a result of consistent production year on year from the mine.

Production rate and grades were both improved with the completion of most rehabilitation works and more ore won from the virgin levels in the centre of the cave.

- **Comet Underground**

Comet delivered 237,280t at 2.7 g/t Au for 18.7koz mined for the year. Performance of the smaller Comet underground mine remained steady in FY22, with the Comet Ore system depleting, and the Pinnacles Ore system being developed.

- **Open Pits**

Open pit mining in the Cuddingwarra district was completed late in Q4 FY22 in the Jim's Find, City of Chester and Coventry Pits with rehabilitation works to be completed in early Q1 FY23.

- **Cue Near Mine Exploration and Development**

Underpinning a record quarter production in Q4FY22 from Westgold's Cue Gold Operations has been the attainment of steady-state production rates from our flagship Big Bell mine. Whilst grade optimization as caving fronts are brought into balance across the northern and southern halves of the mine is the primary focus of the geology team, pleasingly the future of the mine continues to be reinforced by another series of solid drill results returned, including:

- 23m at 2.84 g/t Au from 215m in 21BBDD0048,
- 9.4m at 3.99 g/t Au from 15m in 22BBDD0028 and
- 12m at 3.61 g/t Au from 30m in 22BBDD0040.

- **Comparison year on year – FY22 against FY21**

The Tuckabianna Processing Hub saw an increase in gold produced by 15,024oz (FY22: 97,110oz vs FY21: 82,086oz) due to higher mill grade (FY22: 2.5g/t vs FY21: 2.3g/t) with higher production rate and grades at Big Bell during FY22.

EXPLORATION

New mine / greenfields exploration activities across the Company's highly prospective 1,300km² tenement portfolio was reinvigorated during FY22. This work included the recruitment of a new Exploration Manager and additional experienced staff, and the commencement of data collection and targeting activities. This included the collection of new geophysical datasets in parts of the CGO and MGO regions.

The completed work lead to the creation of new target pipeline which comprised 21 Priority 1 and 14 Priority 2 exploration targets. Of these, 3 fell in the Advanced Exploration stage, 4 in the Target Evaluation stage with the remaining 28 in the Target Definition stage. Target locations within the MGO and CGO regions is shown on Figure 9.

Drill testing of targets commenced as land access allowed with programs at Reedy creek, Banjo regional and Yaloginda during the March quarter and Banjo Bore, Euro Extended, Pegasus North, oceanic, Sovereign and Turn of the Tide during the June quarter. While early stage results were returned from a number of targets warranting follow-up in the coming year, the highlight was the discovery of the Sovereign Reef at Day Dawn located between the historic Great Fingall and Golden Crown Reefs.

Exploration activities continued to be accelerated into FY23

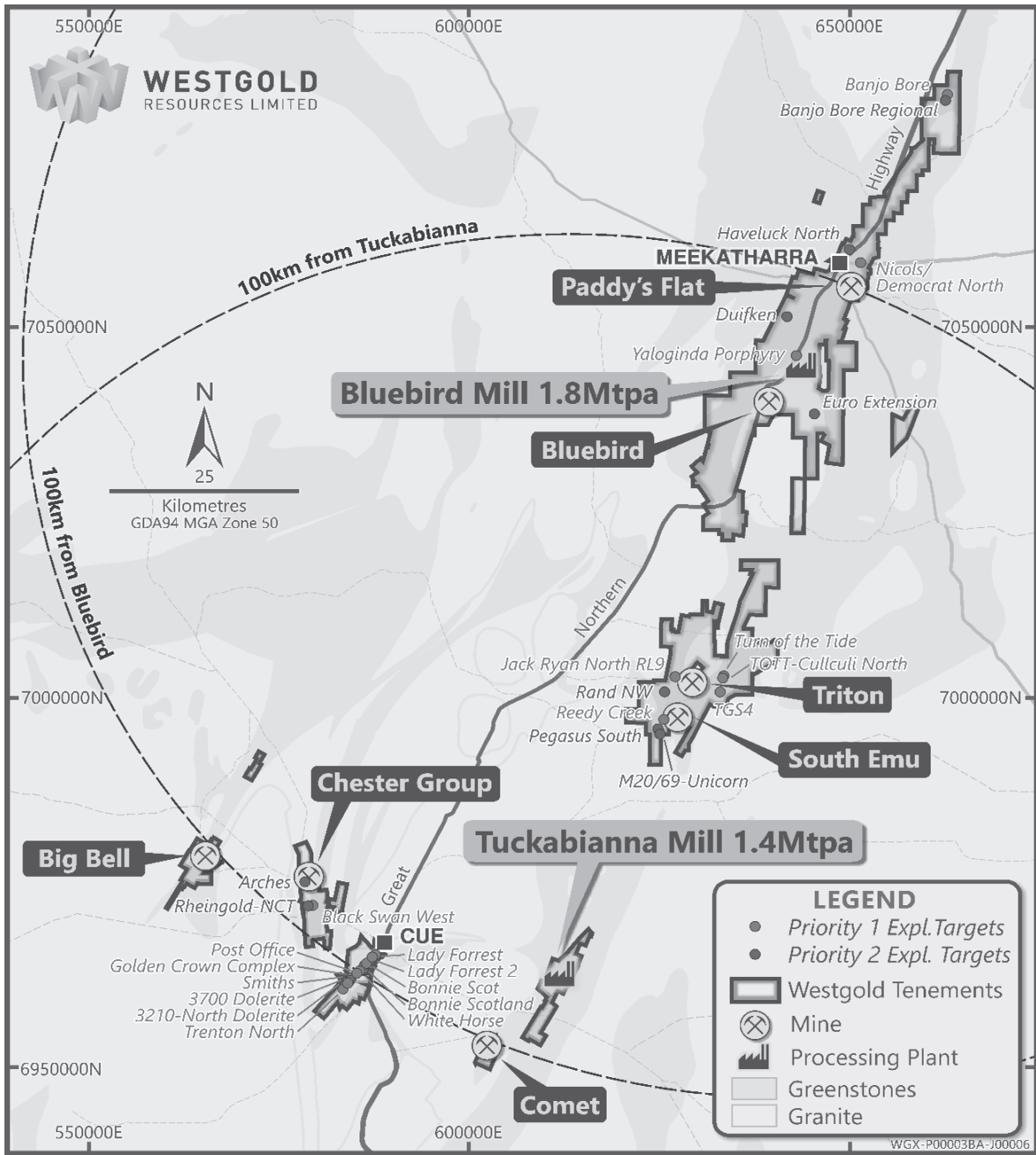


Figure 3: FY22 Priority exploration targets

FINANCIAL RESULTS

<i>(in Australian dollars)</i>	30 June 2022	30 June 2021	30 June 2020
Continuing operations			
Revenue	647,576,618	571,170,198	492,268,271
Cost of sales	(620,300,818)	(455,456,036)	(462,752,732)
Gross profit	27,275,800	115,714,162	29,515,539
Other income	4,663,417	2,292,234	5,921,274
Gain on demerger of subsidiary	-	-	8,727,618
Finance costs	(1,398,660)	(347,475)	(918,881)
Other expenses	(12,967,460)	(10,881,936)	(7,915,557)
Impairment of mine properties and property plant and equipment	(175,535,410)	-	-
Net (loss)/ gain on fair value changes of financial assets	(2,014,040)	5,202,140	8,888,756
Exploration and evaluation expenditure written off	(110,165)	(86,058)	(356,317)
Profit/(loss) before income tax from continuing operations	(160,086,518)	111,893,067	43,862,432
Income tax (expense)/benefit	48,967,227	(35,141,187)	(9,255,117)
Net profit/(loss) for the year	(111,119,291)	76,751,880	34,607,315
Other comprehensive profit for the year, net of tax	-	-	-
Total comprehensive profit/(loss) for the year	(111,119,291)	76,751,880	34,607,315
Total comprehensive profit/(loss) attributable to:			
members of the parent entity	(111,119,291)	76,751,880	34,607,315
	(111,119,291)	76,751,880	34,607,315

<i>(in Australian dollars)</i>	30 June 2022	30 June 2021	30 June 2020
Earnings/(loss) per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic earnings/(loss) per share			
Continuing operations	(25.32)	18.16	8.65
Diluted earnings/(loss) per share			
Continuing operations	(25.32)	18.12	8.65

<i>(in Australian dollars)</i>	30 June 2022	30 June 2021	30 June 2020
Cash and cash equivalents	182,701,502	150,684,029	137,564,914
Current Assets	293,263,436	222,464,918	193,263,663
Non-current assets	533,911,138	677,505,012	564,223,439
Total Assets	827,174,574	899,969,930	757,487,102
Current Liabilities	123,925,769	118,150,760	103,385,499
Non-current liabilities	115,481,348	174,458,863	132,240,776
Total Liabilities	239,407,117	292,609,623	235,626,275
NET ASSETS	587,767,457	607,360,307	521,860,827

<i>(in Australian cents)</i>	30 June 2022	30 June 2021	30 June 2020
Dividend declared per-share	-	2.0	-

Income Statement

Revenue

For FY22, the Company generated revenue of \$648M, a 13% increase from FY21. This was largely due to the increased production output of 270,884 ounces compared to the previous year of 245,411 ounces, with gold sold at a higher achieved gold price of \$2,401/oz (FY21: \$2,330/oz). At the end of the financial year, the Group had unrecognised gold fixed forward sales contracts for 148,000 ounces at an average price of \$2,396/oz ending in July 2023.

Cost of Sales

For FY22, Cost of Sales totalled \$620M compared to FY21 of \$455M. The increase in the consolidated cost of sales reflects the supply chain and inflationary cost pressures combined with both the Bluebird and Big Bell underground mines reaching commercial production in during the year. Diesel fuel price increased 106% with material changes in other major consumables such as reagents, flights and haulage services.

Royalty Expense

Royalty expense, included within cost of sales, totalled \$24M in FY22 and \$22M for FY21. Royalty expense has slightly increased in FY22 due to the increase in gold ounces produced paired with the increase in gold prices during FY22.

Other Income

Other income totalled \$5M in FY22 and \$2M for FY21. The increase in other income for FY22 is largely the result of net gains on the sale of assets as well as interest income from the increased cash at bank position.

Other Expenses

Administration expense totalled \$13M in FY22 and \$10M for FY21. The increase in administration expense during FY22 is due to inflationary labour cost pressures as a result of Covid-19.

Net Earnings/(Loss)

Net loss totalled \$111M (-25.32 cents basic loss per share) in FY22, compared to \$77M (18.16 cents basic earnings per share) in FY21.

At 30 June 2022, a non-cash impairment charge of \$176M was recognised in the consolidated statement of comprehensive income. Management concluded that based on the carrying value of its cash generating units (assets and mines) exceeded its the post-tax net present value. This was further supported by external triggers related to the market capitalisation of the Group being less than its net assets.

Financial Position as at 30 June 2022

Current Assets

As at 30 June 2022, the Company's current assets totalled \$293M and current liabilities amounted to \$123M for a net current asset surplus of \$170M. The majority of current assets are cash and cash equivalents of \$183M and inventories of \$96M.

Non-Current Assets

Non-current assets decreased significantly to \$534M at 30 June 2022. This is due to a non-cash impairment charge of \$176M was recognised.

Current Liabilities

Current liabilities increased to \$124M as at 30 June 2022 predominantly as a result of timing differences related to working capital due to timing of creditor payments and increased activity year to date compared to 30 June 2022.

Non-Current Liabilities

Non-current liabilities decreased by \$59M as at 30 June 2022 primarily relating to an decrease in deferred tax liabilities due to the impairment recognised.

Gold Hedging

Revenue recognised from the sale of gold under fixed forward sales contracts during the year was \$311M compared to \$184M in FY21. At the end of the financial year, the Group had unrecognised sales contracts for 148,000 ounces at an average price of \$2,396 per ounce ending in July 2023, under which the Group will deliver physical gold to settle.

Liquidity and Capital Resources

In management's view, Westgold has sufficient financial resources to fund the operations, planned exploration programs and ongoing operating expenses. As of 30 June 2022, Westgold had cash of \$182,701,502, compared to \$150,684,029 as at 30 June 2021.

The Company is subject to risks and challenges similar to other companies in a comparable stage of operation, exploration and development. These risks include, but are not limited to, losses, successfully raising cash flows through debt or equity markets and the successful operation and development of its mineral property interests to satisfy its commitments and continue as a going concern.

The Company's liquidity position is sensitive to a number of variables which cannot be predicted with certainty, including, but not limited to, meeting gold production targets, gold prices, foreign exchange rates, operational costs and capital expenditures. If the Company's cash and cash flow from operations is not sufficient to satisfy its requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company. The consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

The Company may require the issuance of equity or other forms of financing to complete or accelerate programs associated with any future development and exploration initiatives that are not contemplated in its current life of mine plan. Westgold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on operating performance and on global markets, in particular, the price of gold and currency exchange rates.

<i>(in Australian dollars)</i>	2022	2021
Cash provided by operating activities	179,855,454	249,141,949
Cash used in investing activities	(201,009,289)	(213,805,325)
Cash provided by/ (used in) financing activities	53,171,308	(22,217,509)
Change in cash and cash equivalents	32,017,473	13,119,115
Cash and cash equivalents at the beginning of the period	150,684,029	137,564,914
Cash and cash equivalents at the end of the period	182,701,502	150,684,029

Operating Activities

Cash generated by operating activities totalled \$180M for the year ended 30 June 2022, compared to cash generated of \$249M for FY21. This is a result of an increased payments to suppliers and employees in FY22 due to the inflationary cost pressures and increased activities at the Bluebird and Big Bell underground mines.

Investing Activities

Cash inflow in investing activities for the year ended 30 June 2022 totalled (\$201M), compared to cash used of (\$214M) for FY21. Cash flow applied to investing activities in the current year relate to key growth capital at the Big Bell underground mine and the Bluebird and South Emu underground mines . Other capital investment was sustaining capital in all of the operating underground mines to maintain developed tonnes and production output at similar levels.

Financing Activities

Cash used in financing activities for the year ended 30 June 2022 totalled (\$53M), compared to a cash used of (\$22M) for FY21. The Group received \$101M from the placement of 48,000,000 ordinary shares at \$2.10 (FY21: Nil) and The Group's interest-bearing loans and borrowings decreased to \$43M (FY21: \$45M) with marginal additions to the mobile mining fleet with the expanded growth activities.

OUTLOOK

Guidance

This outlook includes forward-looking information about the Company's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and the Company's ability to achieve the results and targets discussed in this section. The Company may update this outlook depending on changes in metal prices and other factors.

	Unit	Actual FY22	Full Year Guidance FY22
Gold Production	(Koz)	271	+270
All-in Sustaining Costs	(A\$/oz sold)	1,692	1,500-1,700

1. Production guidance is based on the FY22 guidance announced on 3 August 2021.
2. See "Non-IFRS Measures" set out at the end of this MD&A.

OUTSTANDING SHARE DATA

Westgold closed FY22 with the following capital structure:

SECURITY TYPE	NUMBER ON ISSUE
FULLY PAID ORDINARY SHARES	473,622,730
PERFORMANCE RIGHTS (RIGHTS)	2,332,508

Transactions Between Related Parties

<i>(in Australian dollars)</i>	30 June 2022	30 June 2021
Services provided by Westgold Resources Limited to Castile Resources Ltd	4,967	14,000
Amount owing by Castile Resources Ltd	490	4,730
Services provided to Westgold Resources Limited by Castile Resources Ltd	-	(104,869)
Amount owing by Westgold Resources Ltd	-	(12,286)

There were no other related party transactions for the year ending 30 June 2022.

Subsequent Events¹

Key events relating to the period 1 July 2022 to 30 June 2023 are included within the MD&A for FY23.

Key events relating to the period 1 July 2023 to 31 March 2024 are included within the MD&A for Q3FY24.

On 8 April 2024, Westgold and Karora announced that they have agreed to combine into a merger, pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canadian Business Corporation Act ("**CBCA**").

¹ Estimates in this section are based on Enlarged Westgold's pro-forma shares on issue of approximately 945.4 million and Westgold's last closing price of A\$2.28 as at 5 April 2024.

Pursuant to the Transaction, Karora shareholders will receive 2.5241 Westgold fully paid ordinary shares, \$0.68 in cash, and 0.30 of a share in a new company to be spun-out from Karora for each Karora common share held at the closing of the Transaction ("**Offer Consideration**"). The Offer Consideration represents approximately \$6.60 per Karora common share based on Westgold's closing share price on the ASX of \$2.28 on 5 April 2024. The Offer Consideration represents a 10.1% premium to Karora's closing share price on the Toronto Stock Exchange ("**TSX**") of \$5.995 on 5 April 2024 and a 25.3% premium to Karora's and Westgold's 20-day volume weighed average price on the TSX of \$5.552 and on the ASX of \$2.421 up to and including 5 April 2024.

Upon completion of the Transaction, Westgold shareholders will own approximately **50.1%** of the combined company (Westgold after completion of the Transaction referred to as "**Enlarged Westgold**") and former Karora shareholders will own approximately **49.9%**.

Enlarged Westgold is anticipated to have financial resources of approximately \$160 million including Westgold's existing corporate revolving facility (subject to requisite consents) and following the repayment of Karora's existing \$44 million revolving facility, combined with an outstanding forecast free cash flow profile. This represents a strong financial platform to continue investing in organic growth opportunities.

The Transaction subject to procedural matters and conditional on receiving approval of 66 ⅔% of Westgold's shareholders.

On 30 May 2024, Westgold and Ora Gold Limited ("Ora") announced that they have entered into a binding agreement in relation to a strategic Alliance with the primary aim of advancing the development of Ora's Crown Prince deposit into production, and a strategic Placement by Ora to Westgold of \$6.0m at \$0.0045 per share, equivalent to a fully diluted 15.0% pro forma shareholding in Ora. The transaction settled on 4 June 2024.

Apart from the above, no matters or circumstances have arisen since the end of the nine months period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Critical Accounting Policies and Estimates

The preparation of the audited consolidated financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB") (which also comply with International Financials Reporting Standards ("IFRS") as issued by the International Accounting Standards Board) requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the audited consolidated financial report. There is disclosure of the Company's critical accounting policies and accounting estimates in notes 2 & 3 of the audited consolidated financial report for the year ended 30 June 2022.

Non-IFRS Measures

This MD&A refers to cash operating cost per ounce, All-in Sustaining Cost ("**AISC**") is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses. AISC which are not recognised measures under IFRS. Such non-IFRS financial measures do not have any standardised meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands

that a number of investors and others who follow the Company's performance assess performance in this way. Management believes that these measures better reflect the Company's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In November 2018, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs. The WGC is a market development organisation for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organisation, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers.

Financial Instruments

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing cash with a major financial institutions. The Company believes it has no significant credit risk.

Liquidity Risk

Liquidity risks relate to the Company's inability to obtain funds required to comply with its commitments, including the inability to sell a financial asset quickly enough and at a price close to its fair value. Management regularly monitors the Company's level of short- and medium-term liquidity and access to credit lines, in order to ensure appropriate financing is available for its operations. As of the date of this MD&A, the Company has not opened, or been provided access to, any lines of credit.

Cautionary Statement Regarding Forward Looking Information

This MD&A includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements in this MD&A may include, but are not limited to, statements relating to: (i) the liquidity and capital resources of Westgold; (ii) requirements for additional capital; (iii) the Company's ability to improve its cost production in FY23; (iv) government operations and approvals; (v) the future price of and supply and demand for metals; (vi) the continued resource and exploration development, and the ability to meet the Company's FY22 exploration expenditure guidance; (vii) the continued ability to encounter significant grades and width of mineralisation; (viii) the ability to bring all underground diamond drilling activities in-house; (ix) the Company's ability to meet the repayments for equipment financing arrangements on acquired plant and equipment

This MD&A also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Estimates of Mineral Reserves provide more certainty however still involve similar subjective judgments. Mineral Resources that are not Mineral Reserves do not have demonstrated

economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the Company's operations, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realised), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource or Mineral Reserve estimates may have to be re-estimated based on: (i) fluctuations gold or other mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed mining operations, including dilution; (v) the evaluation of mine plans after the date of any estimates and/or changes in mine plans; (vi) the possible failure to receive required permits, approvals and licenses; and (vii) changes in law or regulation.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company.

Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in this MD&A speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances.

Cautionary Note to U.S. Readers Regarding Estimates of Resources

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Company advises U.S. investors that the Securities and Exchange Commission's recently effective updated mining disclosure rules are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), but are not identical so our mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral

resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of “inferred” resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a “measured”, “indicated” or “inferred” mineral resource will ever be upgraded to a higher category.

Qualified Persons & Disclosure of Technical Information

NI 43-101 requires that a certified Qualified Person (“QP”) (as defined under the NI 43-101) supervises the preparation of the mineral resources and exploration matters contained in this MD&A.

The technical and scientific information related to Mineral Resources contained in this MD&A have been reviewed by Jake Russel B.Sc. (Hons), GM of Technical Services of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Ore Reserve Estimates contained in this MD&A have been reviewed by *Leigh Devlin, B. Eng MAusIMM*, an executive officer of the Company and certified QP for the purposes of NI 43-101.

The technical and scientific information related to Exploration Target and Results matters contained in this MD&A have been reviewed Simon Rigby B.Sc (Hons), an employee of the Company and certified QP for the purposes of NI 43-101.

Westgold has prepared the following NI 43-101-compliant technical reports for its operating mines, each of which is available on the Company’s website (www.westgold.com.au) and under Westgold Resources Inc.’s profile on www.sedarplus.com.

For further information as to the total Indicated Mineral Resources and Ore Estimates, see the ASX announcement release titled “Annual Mineral Resources and Ore Reserves Statement – 29 September 2021” which is available to view at www.asx.com.au

Cautionary Statement Regarding Risks

Mining operations generally involve a high degree of inherent risk. Certain factors could materially affect the Company’s financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company. See the Cautionary Statement Regarding Forward Looking Information above in this MD&A. You should pay particular attention to the fact that our principal operations are conducted in Australia and are governed by legal and regulatory environments that in some respects differ from that which prevail in other countries. Westgold’s business, financial condition or results of operations could be affected materially and adversely by certain risks. The reader should carefully consider these risks as disclosed in the management information circular to which this MD&A is attached, as well as other publicly filed disclosure regarding the Company, which are available on the Company’s website at <https://www.westgold.com.au/investor-centre/our-value-proposition>.

**EXHIBIT D TO Appendix L
WESTGOLD BOARD CHARTER**

See attached.

For personal use only



WESTGOLD RESOURCES LIMITED
(ABN 60 009 260 306)

BOARD CHARTER

ADOPTED BY THE BOARD 29 JUNE 2023



1 INTRODUCTION

- 1.1 This charter sets out the principles for the role of the board of directors (**Board**) of Westgold Resources Limited ACN 009 260 306 (**Company**) and governs the ongoing operation of the Board (**Charter**).
- 1.2 The Board is responsible for the governance of the Company and this Charter sets out how the Board will uphold its governance responsibilities.

2 ROLE OF THE BOARD

- 2.1 The Board derives its authority from the Company's constitution (Constitution). The Constitution provides that the business and affairs of the Company shall be managed and all corporate powers shall be exercised by or under the direction of the Board.
- 2.2 The role of the Board is to set overarching strategic guidance, oversee operations and management staff and manage the Company's finances in the interests of growth and profitability. In addition, the Board recognises that it has responsibilities to the Company's employees, customers, and suppliers and to the welfare of the communities in which the Company operates.
- 2.3 The Board ensures that it and the Company complies with the Constitution and all applicable legal and regulatory obligations including, but not limited to, the Corporations Act and the ASX Listing Rules.

3 RESPONSIBILITIES OF THE BOARD

- 3.1 The responsibilities of the Board pertain to matters of strategy, appointment, management, performance monitoring, governance and risk management and are set out in detail in clauses 3.2 to 3.7 below.

Strategy

- 3.2 The Board is responsible for:
 - (a) setting the strategic objectives or direction of the Company;
 - (b) evaluating, providing input into, and approving, budgets and business plans developed by management;
 - (c) directing, monitoring and assessing the Company's performance against ongoing strategies, budgets and business plans;
 - (d) evaluating, providing input into, approving and monitoring capital management, major capital expenditure and all acquisitions, divestments or other corporate transactions, including the issue of securities; and
 - (e) determining the Company's dividend policy, including the amount and timing of all dividend payments.



Appointments

- 3.3 The Board is responsible for:
- (a) appointing the Company's board chair (**Chair**);
 - (b) appointing, and where appropriate, removing the Company's chief executive officer (**CEO**);
 - (c) appointing, and where appropriate, removing the Company's managing director (**Managing Director**);
 - (d) approving the appointment, and where appropriate, the removal of any other officer or executive the Board has discretion to appoint in accordance with the Constitution; and
 - (e) approving the appointment, removal or replacement of any other senior executive.

Management

- 3.4 The Board is responsible for:
- (a) approving the Company's employee remuneration policies and framework;
 - (b) evaluating, assessing and approving the remuneration of senior executives;
 - (c) where required, challenging management and holding it to account;
 - (d) establishing and monitoring executive succession planning; and
 - (e) delegating day to day administration and the implementation of strategies approved by the Board to the Managing Director.

Monitoring performance

- 3.5 The Board is responsible for:
- (a) approving criteria to assess the performance of senior executives and monitoring and, where necessary, evaluating senior executives against that criteria;
 - (b) developing and implementing a process for periodically evaluating the performance of the Board, any committees and individual Directors;
 - (c) developing and implementing a skills matrix setting out the mix of skills and diversity that the Board has or is looking to achieve in its membership and consider this skills matrix when reviewing, proposing or appointing directors to the Board;
 - (d) where appropriate, engaging external consultants to conduct independent performance evaluations of the Board;
 - (e) periodically, and in any event at least once annually review and evaluate the Board's compliance with this Charter and amend this Charter and the Company's other governance policies to meet the goals and objectives of the Board as they develop over time.



Governance

- 3.6 The Board is responsible for:
- (a) ensuring the Company complies with the Constitution and all legal and regulatory obligations, including under the Corporations Act and the ASX Listing Rules;
 - (b) ensuring ethical conduct within the Company and compliance with the Company's corporate governance policies;
 - (c) overseeing the integrity of the Company's accounting and corporate reporting systems;
 - (d) overseeing the Company's continuous disclosure process and compliance with the Company's Disclosure Policy;
 - (e) monitoring and reviewing the ongoing performance and compliance of the Company's corporate governance practices, policies and procedures; and
 - (f) preparation of an annual corporate governance statement in accordance with the ASX Listing Rules.

Audit and risk management

- 3.7 The Board is responsible for:
- (a) with the recommendation of the Audit, Risk and Compliance Committee, appointing the external auditor and determine its remuneration and terms of appointment;
 - (b) ensuring that the Company establishes and maintains a risk management framework or policy appropriate to the Company's profile and operations;
 - (c) identifying principal risks to the Company's business and establishing acceptable levels of risk within which the Board expects and permits the executive management of the Company to operate; and
 - (d) reviewing and approving the Company's internal compliance and control, risk management and legal compliance systems to determine the integrity and effectiveness of those systems and to continually improve those systems.

Code of Conduct

- 3.8 The Board is responsible for:
- (a) adopting and applying appropriate ethical standards in relation to the management of the Company and the conduct of the business; and
 - (b) monitoring compliance with the Company's Code of Conduct and other policies, including the Whistleblower Policy and Anti-bribery and Anti-Corruption Policy.



People

- 3.9 The Board is responsible for:
- (a) promoting and demonstrating the Company's desired culture, and satisfy itself that the culture is aligned with:
 - (i) its purpose and values;
 - (ii) acting lawfully, ethically, and responsibly; and
 - (iii) relevant risk mitigation that supports the achievement of strategic objectives;
 - (b) enhancing the contributions of the Company's people to support and further corporate objectives, including development, diversity and employment engagement; and
 - (c) monitoring compliance with the Company's Equal Employment Opportunity Policy.

Health, Safety, Environment and Community

- 3.10 Board is responsible for:
- (a) promoting and demonstrating the Company's health, safety, environmental and community policies;
 - (b) providing oversight and monitoring compliance with the health and safety policies and considering social, environmental and climate change impacts of the Company's activities; and
 - (c) ensuring that the Company establishes and maintains its Human Rights Policy to uphold the fundamental human rights.

4 BOARD COMPOSITION

Composition

- 4.1 The Board or the Company's shareholders may determine the size of the Board via resolution in accordance with the Constitution. The Board should be of sufficient size so that the Board's responsibilities may be comfortably met and that changes to the Board's composition can be managed without undue disruption while not be so large as to be unwieldy.
- 4.2 The Board should be comprised of:
- (a) to the extent practicable given the size and composition of the Board from time to time, a majority of people who are independent directors; and
 - (b) a mix of executive and non-executive directors with a broad range of skills, expertise, experience and diversity of backgrounds.



Independent directors

- 4.3 All directors, whether independent or not, are expected to bring an independent judgement to bear on any Board matter.
- 4.4 An independent director is a director who has no business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.
- 4.5 For the purposes of this Charter, including clause, the Board will conduct a holistic assessment when determining whether a director is an "independent director" against the following factors:
- (a) if the director is, or has within the previous three years been, an executive of the Company or any subsidiary;
 - (b) if the director is, or has within the previous three years been, a partner, director or senior employee of a provider of material professional services to the Company or any subsidiary;
 - (c) if the director is, or has been within the previous three years, in a material business relationship with the Company or any subsidiary or is an officer of or otherwise associated with an entity that is in such a relationship;
 - (d) if the director is a substantial security holder of the Company (as defined in the *Corporations Act 2001* (Cth)) or is an officer or is otherwise associated with a substantial security holder of the Company;
 - (e) if the director has a material contractual relationship with the Company or a subsidiary other than as a director;
 - (f) if the director has close personal or family ties with any person who falls within sub-clauses (b) to (f) above;
 - (g) if the director has been a director of the Company for such a period that their independence may have been compromised; or
 - (h) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity.
- 4.6 The Board should periodically assess whether a director has remained or has become an independent director in accordance with the criteria outlined above.

Appointing directors

- 4.7 When considering the appointment of an individual to the Board or the proposed nomination of an individual for election, the Board will undertake appropriate checks before appointing the individual as a director or nominating the individual for election as a director. These checks will include enquiries regarding the individual's character, experience, education, criminal record and bankruptcy history.
- 4.8 When nominating an individual for election, the Company should provide its shareholders all material information in its possession relevant to a decision as to elect or re-elect a director or not. Such material information may include, but is not limited to:
- (a) biographical details (including relevant qualifications, skills and experience);



- (b) any other material directorships held by the individual;
- (c) a statement whether Board does or does not support the election or re-election of the individual;
- (d) a statement whether the Board consider the individual is an independent director;
- (e) for candidates standing for election for the first time, a statement regarding:
 - (i) whether any materially adverse information was revealed in the course of background checks referred to above; and
 - (ii) any actual or prospective conflict of interest or material circumstances that may influence or reasonably be perceived to influence or impact upon the candidate's capacity to bring independent judgement and act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party; and
- (f) for directors standing for re-election:
 - (i) the term of office currently served by the director; and
 - (ii) any other material information likely to be relevant to shareholders.

Directors' responsibilities

4.9 Directors are at all times expected to:

- (a) monitor the effectiveness of, and comply with, all of the Company's corporate governance policies;
- (b) act in accordance with legal and statutory requirements; and
- (c) discharge their duties as directors in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest;
- (d) maintain the confidentiality of all information acquired in the course of conducting their role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board or is required by law or by the ASX Listing Rules;
- (e) observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal and external auditors, senior management and employees within the Company;
- (f) act in accordance with this Board Charter and disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the director becomes aware and which the director reasonably believes is material, in that it may or may be perceived to influence their vote or compromise the reputation or performance of the Company; and
- (g) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of director.



Director Agreements

- 4.10 The Company requires that all directors enter into a written agreement setting out the terms of their appointment. Directors are expected to participate in induction or orientation programs upon their election or appointment, and any continuing education or training arranged by the Company for them from time to time.

5 BOARD POSITIONS

Chair

- 5.1 The Chair of the Board should, where practicable be an independent non-executive director.
- 5.2 The roles of the Chair and CEO (if any) will be exercised by separate individuals. The Chair is responsible for:
- (a) leading the Board in reviewing and discussing Board matters;
 - (b) chairing Board meetings and general meetings of the Company;
 - (c) ensuring the efficient organisation and conduct of the Board's function;
 - (d) facilitating effective contribution by all members of the Board and monitoring Board performance;
 - (e) promoting constructive and respectful relationships between Board members and between the Board and the Company's executives;
 - (f) managing and liaising with the Secretary; and
 - (g) exercise of such specific and express powers as are delegated to the Chairman by the Board from time to time.

Secretary

- 5.3 The Secretary is:
- (a) appointed and removed by the Board; and
 - (b) reports and is accountable to the Board, through the Chair, on all matters to do with the proper function of the Board and any committee, including the obligations to:
 - (i) keep or cause to be kept a minute book of all minutes relating to the Board and any committee;
 - (ii) keep or cause to be kept a minute book of all minutes relating to general meetings of the Company;
 - (iii) keep or cause to be kept the company's share register;
 - (iv) give or cause to give notice of all Board meetings and general meetings of the Company; and
 - (v) manage communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with the Company's Disclosure Policy.



6 BOARD MEETINGS

Overview

- 6.1 The Board will meet in accordance with the Constitution from time to time and as determined by the Board and, preferably will meet at least four times per year, and otherwise as often as the directors consider necessary to enable the directors and the Board to fulfil their duties and responsibilities to the Company (Meeting).

Director's obligations

- 6.2 Directors must:
- (a) if practicable, attend every Meeting, via any means permitted in accordance with the Constitution;
 - (b) debate all issues arising at Meetings openly and constructively and utilise their particular skills, experience and expertise when discussing or debating issues;
 - (c) keep all Meeting discussions and resolutions confidential, except where they are otherwise required or permitted to disclose them; and
 - (d) diligently prepare for and participate in Meetings.

Advisors

- 6.3 The Board may require or invite the Company's executives, including the CEO or third party consultants and advisors to attend Meetings, where necessary or desirable and to the extent prescribed by the Board at any time.

7 COMMITTEES

Overview

- 7.1 The Constitution permits the Board to designate one or more committees and delegate responsibility to these committees to consider and manage certain issues in further detail (Committee).
- 7.2 Subject to any resolution of the Board, a Committee may:
- (a) exercise any power or authority of the Board in the management of the business and affairs of the Company to the extent set out in the Constitution as prescribed by the Board; or
 - (b) consider specific issues or a particular remit, prepare reports and advise the Board.
- 7.3 Although the Board may delegate powers and responsibilities to Committees in accordance with the above, the Board remains ultimately accountable for discharging its duties.



Composition

- 7.4 Committees must be comprised of one or more directors. Any appointment to or removal from a Committee must be resolved by the Board from time to time. When appointing Committee members the Board will consider a nominee's skills, experience and expertise as relevant to the Committees' remit.

Committees

- 7.5 The Board has established the following Committees:
- (a) the Audit, Risk and Compliance Committee, which is delegated the authority and tasked with considering the remit set out in the Company's Audit, Risk and Compliance Committee Charter; and
 - (b) the Remuneration and Nomination Committee, which is delegated the authority and tasked with considering the remit set out in the Company's Remuneration and Nomination Committee Charter,
- and may establish other Committees from time to time by resolution as it sees fit.
- 7.6 The role and responsibilities of each Committee are set out in a charter for each Committee, which is approved by the Board, and available on the Company's website.

8 DELEGATION

Delegated authority – Managing Director

- 8.1 The Board has delegated to the Managing Director authority to manage the day to day operations of the Company. The Managing Director may sub-delegate their powers to any other executives or senior management as they consider appropriate, however the responsibility for the exercise of any sub-delegation remains with the Managing Director.
- 8.2 This delegation of authority includes responsibility for:
- (a) developing business plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, implementing those plans, budgets and strategies;
 - (b) operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's business;
 - (c) where proposed transactions, commitments or arrangements exceed threshold parameters set by the Board, referring the matter to the Board for its consideration;
 - (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's business, formulating strategies for managing and mitigating those risks, including for considerations and endorsement by the Board, as applicable;



- (e) managing the Company's financial and other reporting mechanisms, and control and monitoring systems, to ensure that these mechanisms and systems capture all relevant material information on a timely basis, are functioning effectively and are founded on a sound basis of prudential risk management;
- (f) implementing the policies and processes of the Company and the Company's Code of Conduct and facilitating the monitoring and reviewing of, and reporting against, those policies, processes and code;
- (g) ensuring that the Board is regularly provided with sufficient and accurate information in regard to the Company's operations and affairs, and in particular with respect to the Company's performance, financial condition, operations and prospects;
- (h) ensure compliance with the Company's continuous disclosure obligations, in accordance with ASX Listing Rules and the Corporations Act; and
- (i) faithfully and diligently perform the duties and exercise the powers assigned by the Board consistent with the position of a managing director of the Company and consistent with the best interests of the Company.

8.3 In fulfilling these duties, the Managing Director:

- (a) reports directly to the Board;
- (b) provides prompt and full information to the Board regarding the conduct of the business; and
- (c) complies with reasonable directions given by the Board.

Executive and director agreements

8.4 The Company requires that all senior executives and directors enter into a written agreement setting out the terms of their appointment.

Confidential information and external communication

8.5 The Board has established the following principles to apply in respect of information of the Company:

- (a) generally, the Chair will speak for the Company. Individual Board members are expected not to communicate on behalf of the Board or the Company without prior consultation with the Chair;
- (b) any disclosure of information to a shareholder which is not disclosed to the market must be approved under the Disclosure Policy and must comply with the ASX Listing Rules; and
- (c) all directors are required to keep all information provided to them in their capacity as a director confidential, unless it is required by law or by the ASX Listing Rules.



9 CONFLICTS OF INTEREST

Obligation

- 9.1 The directors of the Company are required to act in a manner which is consistent with the best interests of the Company as a whole, free of any actual or possible conflicts of interest.

Dealing with conflicts

- 9.2 If a director considers that they may be in a position where there is a reasonable possibility of conflict between their personal or business interests, the interests of any person associated with them, or their duties to any other company on the one hand and the interests of the Company or their duties to the Company on the other hand, the director must:

- (a) fully and frankly inform the Board about the circumstances giving rise to the conflict; and
- (b) unless the Board otherwise determines, abstain from voting on any motion relation to the matter and absent themselves from all board deliberations relating to the matter, including receipt of Board papers concerning the matter.

Consultation

- 9.3 If a director believes they may have a conflict of interest in relation to a particular matter, the director should immediately consult with the Chair (or in the case of the Chair, the Chair should immediately consult with the non-executive directors).

10 REMUNERATION

Non-executive remuneration

- 10.1 The level of non-executive director remuneration will be set by the Board with consultation and recommendations provided by the Remuneration and Nomination Committee or by shareholders as the Company's constitution may require.

Executive remuneration

- 10.2 The level of executive director and executive remuneration will be set by the Board with consultation and recommendations provided by the Remuneration and Nomination Committee.

Remuneration factors

- 10.3 When considering the appropriate remuneration for executive directors, non-executive directors and executives the Company will have regard to the following factors:
- (a) market and peer benchmarking;
 - (b) organisational performance generally;
 - (c) shareholder sentiment;
 - (d) financial capacity;



- (e) workload and performance;
- (f) ensuring the incentives for non-independent directors do not conflict with their obligations to bring an independent judgement to matters before the Board; and
- (g) any other relevant matters.

11 RELATED PARTY TRANSACTIONS

- 11.1 The Board has delegated to the Audit, Risk and Compliance Committee responsibility for reviewing and monitoring related party transactions and investments involving the Company and its directors.

12 MISCELLANEOUS

Independent advice

- 12.1 The Board collectively, and each director individually, may obtain independent professional advice at the Company's expense, as considered necessary to assist in fulfilling their relevant duties and responsibilities. However, individual directors who wish to obtain independent professional advice should seek the approval of the Chair (or in the case of the Chair, the chair of the Audit, Risk and Compliance Committee) who, acting reasonably, may approve or deny the request.
- 12.2 Inconsistency with Constitution
- 12.3 To the extent that there is any inconsistency between this Charter and the Company's Constitution, the Constitution will prevail.

Review of Charter

- 12.4 The Board will review and amend this Charter periodically and will communicate any amendments as appropriate.

**EXHIBIT E TO Appendix L
WESTGOLD PLAN**

See attached.

For personal use only

Employee Awards Plan

Westgold Resources Limited
(ABN 60 009 260 306)

Adopted by Shareholders at the Annual General Meeting held on 25 November 2022.

Contents	Page		
1	Defined terms and interpretation	1	
	1.1	Definitions in the Dictionary	1
	1.2	Interpretation	1
2	Purpose	1	
3	Commencement	1	
4	Principal conditions	2	
	4.1	Compliance with laws	2
	4.2	No prohibited financial assistance	2
	4.3	Plan limit	2
	4.4	Quotation	2
5	Offers	2	
	5.1	Board to make Offer	2
	5.2	Prospective Eligible Employees	3
	5.3	Number of Awards	3
	5.4	Form of offer – No Monetary Consideration	3
	5.5	Form of Offer – Monetary Consideration	3
	5.6	Information contained in Offer Document	3
	5.7	Issue Price and Exercise Price	5
	5.8	Terms	5
	5.9	Contravention of the terms of the Offer	6
	5.10	Offer personal	6
	5.11	Nominated Party	6
6	Application for Awards	7	
	6.1	Acceptance of Offer	7
	6.2	Partial acceptance of Offer	7
	6.3	Lapse of Offer	7
	6.4	Withdrawal of Offer prior to acceptance	7
7	Issue of Shares	7	

7.1	Acceptance by Eligible Employee	7
7.2	Acceptance by Company	8
7.3	Clearance of Issue Price	8
7.4	Shares to rank equally	8
8	Share Vesting Conditions	8
8.1	Conditions	8
8.2	Compliance by Participant	8
8.3	No hedging	9
8.4	Refusal to register transfer	9
8.5	Retention of Holding Statements	9
8.6	Waiver	9
8.7	Vesting	9
8.8	Shares cease to be subject to Shares Vesting Conditions	9
8.9	Notification upon request by Participant	10
9	Forfeiture of Shares	10
9.1	Forfeiture of Unvested Shares	10
9.2	Treatment of Forfeited Shares	10
9.3	Effect of forfeiture	11
9.4	Conditions on forfeiture	11
10	Voting rights and dividends of Shares	11
11	Rights issues and bonus issues	11
12	Capital reconstructions	12
13	Issue of Options or Performance Rights	12
13.1	Acceptance by Eligible Employee	12
13.2	Acceptance by Company	12
13.3	Certificates	12
13.4	Interest in Shares	12
14	Exercise of Options and Performance Rights	13
14.1	Exercise	13

14.2	Adjustment to terms of exercise	13
14.3	Exercise of Options or Performance Rights	13
14.4	Cashless exercise of Options or Performance Rights	14
14.5	Loans and security	14
14.6	One or several parcels	15
14.7	Vesting	15
14.8	Issue of Shares	15
14.9	Agrees to become a member	15
14.10	Equal rank	16
15	Lapse of Options and Performance Rights	16
15.1	Lapse of Options or Performance Rights	16
15.2	On lapsing	16
16	Dealings with Options and Performance Rights	16
16.1	No Dealing	16
16.2	No hedging	17
17	Participation rights in new issues, reorganisations of capital and winding up	17
17.1	Application of this Rule	17
17.2	New issues	17
17.3	Pro rata issues	17
17.4	Bonus issues	17
17.5	Reorganisation of capital	18
17.6	Winding up	18
17.7	Fractions of Shares	18
17.8	Calculations and adjustments	18
17.9	Notice of adjustments	18
17.10	Accumulation of adjustments	18
18	Cessation of employment	18
18.1	Cessation of employment	18
18.2	Board discretion	19

19	Change of Control Event	19
	19.1 Change of Control Event	19
	19.2 Notice to Participants	20
20	Breach, fraud or misconduct	20
21	Clawback	20
22	Amendments of Rules	21
23	Administration of Plan	21
24	Appointment of trustee	21
25	Rights of Eligible Employees	22
26	Attorney	22
27	ASIC relief	23
28	Notices	23
29	Governing Law	23
	Schedule 1 Dictionary	24

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

2 Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Employees;
- (b) link the reward of Eligible Employees to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the form of Awards;
- (d) provide Eligible Employees with the opportunity to share in any future growth in value of the Company; and
- (e) provide greater incentive for Eligible Employees to focus on the Company's longer term goals.

3 Commencement

The Plan will commence on a date determined by resolution of the Board.

4 Principal conditions

4.1 Compliance with laws

Notwithstanding the Rules or the terms of any Award, no Award may be offered, issued or exercised, and no Share may be issued pursuant to the exercise of Options or Performance Rights under the Plan:

- (a) if to do so:
 - (i) would contravene the Corporations Act, the Listing Rules or any other Applicable Law; or
 - (ii) would contravene the local laws or customs of an Eligible Employee's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical or unreasonably onerous; or
- (b) to any person referred to in Listing Rule 10.14 (which includes a Director) without Shareholder Approval (unless an exemption from the Shareholder Approval requirement applies).

4.2 No prohibited financial assistance

No person may, whether directly or indirectly, provide financial assistance that is prohibited by the Corporations Act to an Eligible Employee for the purposes of, or in connection with, the acquisition or exercise of Awards under the Plan.

4.3 Plan limit

- (a) Where an Offer which requires Monetary Consideration is made under the Plan, the Board must, at the time of making the Offer, have reasonable grounds to believe that the Offer complies with the Issue Cap.
- (b) The Issue Cap is subject to adjustment or increase:
 - (i) as may be permitted by Applicable Law; and
 - (ii) to a limit prescribed in the Constitution in accordance with Applicable Law.

4.4 Quotation

Options and Performance Rights will not be quoted on ASX. However, application will be made to ASX for official quotation of any Shares issued for the purposes of the Plan, including pursuant to the exercise of Options and Performance Rights, to the extent required by Listing Rule 2.4 if the Company's Shares are listed on ASX at that time.

5 Offers

5.1 Board to make Offer

Subject to Rule 4.1, the Board may, in its absolute discretion, offer Awards to any Eligible Employee from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:

- (a) the Eligible Employee's length of service with the Group;
- (b) the contribution made by the Eligible Employee to the Group;
- (c) the potential contribution of the Eligible Employee to the Group; or
- (d) any other matter the Board considers relevant,

subject to the terms of the Awards being consistent with the Listing Rules.

5.2 Prospective Eligible Employees

Subject to Rule 4.1, the Board may, in its sole and absolute discretion, offer Awards in accordance with these Rules to a person where the Offer is conditional on the person becoming an Eligible Employee.

5.3 Number of Awards

Subject to Rule 4.3, the number of Awards the subject of an Offer to an Eligible Employee will be determined by the Board in its absolute discretion and in accordance with the Rules and Applicable Law.

5.4 Form of Offer – No Monetary Consideration

An Offer which requires no Monetary Consideration (other than an Offer that does not require disclosure to any investor under Part 6D.2 of the Corporations Act because of section 708 of the Corporations Act) must be expressed to be made under Division 1A of Part 7.12 of the Corporations Act.

5.5 Form of Offer – Monetary Consideration

An Offer which requires Monetary Consideration (other than an Offer that does not require disclosure to any investor under Part 6D.2 of the Corporations Act because of section 708 of the Corporations Act) must be made in an Offer Document and expressed to be made under Division 1A of Part 7.12 of the Corporations Act.

5.6 Information contained in Offer Document

An Offer Document must include or be accompanied by the terms of the Offer (or a summary of the terms of the Offer), including:

- (a) the name and address of the Eligible Employee to whom the Offer is made;
- (b) the date of the Offer;
- (c) the First Acceptance Date, which must be at least 14 days after receiving the Offer Document;
- (d) the Final Acceptance Date;
- (e) the maximum number of Awards which the Eligible Employee may apply for;
- (f) the Grant Conditions (if any) attaching to the Awards the subject of the Offer;
- (g) in respect of an Offer of Shares:

- (i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Shares; and
 - (ii) details of the Share Vesting Conditions (if any) attaching to the Shares;
- (h) in respect of an Offer of Options or Performance Rights:
- (i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Options or Performance Rights;
 - (ii) details of Option Vesting Conditions or Performance Right Vesting Conditions (if any) attaching to the Options or Performance Rights;
 - (iii) the First Exercise Date of the Options or Performance Rights;
 - (iv) the Last Exercise Date of the Options or Performance Rights;
 - (v) the Exercise Price (if any) or the manner of determining the Exercise Price (if any) of the Options or Performance Rights;
- (i) the Vesting Period (if any) applicable to the Shares, Options or Performance Rights the subject of the Offer;
- (j) any other specific terms and conditions applicable to the Offer;
- and, to the extent required by Applicable Law:
- (k) a prominent statement to the effect that:
- (i) any advice given by the Company in relation to Awards issued under the Plan, and Shares issued upon exercise of the Options or Performance Rights, does not take into account an Eligible Employee's objectives, financial situation and needs; and
 - (ii) the Eligible Employee should obtain their own financial product advice in respect of the Offer from a person who is licensed by ASIC to give such advice;
- (l) general information about the risks of acquiring and holding the Shares, Options or Performance Rights (and underlying Shares) the subject of the Offer;
- (m) an explanation of how an Eligible Employee could, from time to time, ascertain the market price of the Shares underlying the Options or Performance Rights;
- (n) the terms of any loan or contribution plan under which an Eligible Employee may obtain Shares, Options or Performance Rights (or else a summary of the terms of any loan or contribution plan and a statement that, on request, a copy of the terms of the loan or plan will be provided to the Eligible Employee);
- (o) the trust deed of any trust that will hold Shares, Options or Performance Rights on trust for an Eligible Employee (or else a summary of the trust deed and a statement that, on request, a copy of the full deed will be provided to the Eligible Employee);
- (p) a copy of any disclosure document prepared by the Company under Part 6D.2 of the Corporations Act, or a product disclosure statement prepared under Part 7.9 of the Corporations Act, in the 12 months before the date of the Offer (or else a statement directing the Eligible Employee to any such document);

- (q) if the Company wishes to reduce liability in connection with the Offer Document in accordance with section 1100Z(3) of the Corporations Act, a statement to the effect that a person mentioned in section 1100Z(2) of the Corporations Act is not liable for any loss or damage suffered by the Eligible Employee (or Nominated Party) because of a contravention of a term of the Offer covered by subsections 1100Z(1)(a), (b) or (c) of the Corporations Act in circumstances where:
 - (i) the person made all inquiries (if any) that were reasonable in the circumstances and, after doing so, believed on reasonable grounds that the statement was not misleading or deceptive; or
 - (ii) the person did not know that the statement was misleading or deceptive; or
 - (iii) the person placed reasonable reliance on information given to them by:
 - (A) if the person is a body corporate, someone other than a director, employee or agent of the body corporate; or
 - (B) if the person is an individual, someone other than an employee or agent of the individual;
 - (iv) the person is a person mentioned in item 3 or 4 in section 1100Z(2) of the Corporations Act and they provide that the publicly withdrew their consent to being named in the Offer Document; or
 - (v) the contravention arose because of a new circumstance that has arisen since the Offer Document was prepared and the person proves that they were not aware of the matter;
- (r) a copy of these Rules; and
- (s) any other information that is required by Applicable Law (if applicable).

5.7 Issue Price and Exercise Price

The Issue Price (if any) in respect of a Share, Option or Performance Right and the Exercise Price (if any) in respect of an Option or Performance Right (subject to any adjustment under the Plan):

- (a) is as determined by the Board in its absolute discretion; and
- (b) must be denominated and payable in Australian dollars, unless otherwise determined by the Board.

5.8 Terms

- (a) The terms and conditions applicable to an Offer, including the Final Acceptance Date, the First Exercise Date, the Last Exercise Date, any Grant Conditions, any Vesting Conditions and any Vesting Period, are as determined by the Board (in its absolute discretion) and must include any terms required by Applicable Law.
- (b) The terms and conditions applicable to an Offer, and any documents accompanying the Offer Document, must not include any misleading or deceptive statements, or omit any information that would result in those materials becoming misleading or deceptive.

- (c) Where the Company is required to provide an Offer Document under Rule 5.5, the Company must provide each Participant with an updated Offer Document (and terms and conditions of the Offer) as soon as practicable if, before the Last Acceptance Date set out in the Offer Document, it becomes aware that the document that was provided has become out of date, or is otherwise not correct, in a material respect.
- (d) Each Director of the Company and each Liable Person must notify the Company in writing as soon as practicable if, before the Last Acceptance Date set out in the Offer Document, that person becomes aware that a material statement in the terms and conditions or the Offer Document, is misleading or deceptive, that information was omitted from those materials that has resulted in one or more of them being misleading or deceptive, or a new circumstance has arisen during the application period which means the terms and conditions or the Offer Document is out of date, or otherwise not correct, in a material respect.

5.9 Contravention of the terms of the Offer

- (a) Subject to paragraph (b), where a Participant suffers Loss because of a contravention of a term of the Offer covered by section 1100Z(1) of the Corporations Act, that Participant can recover the amount of Loss in accordance with section 1100Z(2) of the Corporations Act.
- (b) The Directors, the Company and each Liable Person are not liable for any Loss suffered by a Participant because of a contravention of a term of the Offer covered by section 1100Z(2) of the Corporations Act, if:
 - (i) the person complied with sections 1100(Z)(3)(a)-(e) of the Corporations Act; and
 - (ii) a statement to the effect of that set out in Rule 5.6(q) was included in the Offer Document.

5.10 Offer personal

Subject to Rule 5.11, an Offer is personal and can only be accepted by the Eligible Employee to whom the Offer is made.

5.11 Nominated Party

- (a) Upon receipt of an Offer, an Eligible Employee may, by notice in writing to the Board, nominate a Nominated Party of that Eligible Employee in whose favour the Eligible Employee wishes the Shares, Options or Performance Rights the subject of the Offer to be issued.
- (b) The Board may, in its absolute discretion, decide not to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party without giving any reason for that decision.
- (c) If the Board decides to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party, the Eligible Employee will procure that the Nominated Party also agrees to be bound by the Rules.

6 Application for Awards

6.1 Acceptance of Offer

- (a) Subject to Rule 6.1(b), an Eligible Employee may accept an Offer by giving to the Company an Application (and in the case of an Offer of Awards that have an Issue Price, paying the Issue Price) by the Final Acceptance Date, or if an Offer Document is not required pursuant to Rule 5.5, by such date advised by the Company to the Eligible Employee when making the Offer (if any). In the Application, the Eligible Employee may apply for the Awards the subject of the Offer to be issued to the Eligible Employee or a Nominated Party (if approved by the Board in accordance with Rule 5.11).
- (b) An Eligible Employee may not accept an Offer, and an Application will not be accepted if, at the date the Application would otherwise be accepted:
 - (i) the Eligible Employee is not an Employee;
 - (ii) the Eligible Employee has given notice of his or her resignation as an Employee; or
 - (iii) the Eligible Employee has been given notice of termination of employment as an Employee.
- (c) The Board may, in its absolute discretion, refuse to allow an Eligible Employee to participate in the Plan even though an Application is received from the Eligible Employee in accordance with Rule 6.1(a).

6.2 Partial acceptance of Offer

An Eligible Employee may accept an Offer in whole or in part, in multiples of 100 Shares, Options or Performance Rights, or such other multiple of Shares, Options or Performance Rights as the Board may permit for the Eligible Employee.

6.3 Lapse of Offer

An Offer that is not accepted in accordance with Rule 6.1 will lapse at 5.00pm (WST) on the Final Acceptance Date, or if an Offer Document is not required pursuant to Rule 5.5, by such date advised by the Company to the Eligible Employee when making the Offer (if any).

6.4 Withdrawal of Offer prior to acceptance

The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that the Offer has not yet been accepted in accordance with Rule 6.1.

7 Issue of Shares

7.1 Acceptance by Eligible Employee

By accepting an Offer for Shares in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules;

- (b) irrevocably offered to acquire Shares:
 - (i) under, and subject to, these Rules; and
 - (ii) on and subject to the terms and conditions of the Offer; and
- (c) agreed to become a Shareholder of the Company and be bound by the Constitution upon the issue of Shares to the Participant.

7.2 Acceptance by Company

- (a) Subject to the terms and conditions included in an Offer, the Company will register that number of Shares set out in the Application in the name of the relevant Eligible Employee or Nominated Party (if applicable). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Shares until the Shares are so registered.
- (b) The Company will give notice, or cause notice to be given (including via a Holding Statement), to a Participant (or any person authorised to receive such notice on the Participant's behalf), in accordance with the Listing Rules, of the registration in the Participant's name of Shares issued under the Plan, including information on the following:
 - (i) the number of Shares issued to the Participant;
 - (ii) the date of issue of those Shares;
 - (iii) the Share Vesting Conditions (if any) attaching to the Shares;
 - (iv) the Vesting Period (if any) applicable to the Shares; and
 - (v) any other specific terms and conditions applicable.

7.3 Clearance of Issue Price

The Company is not obliged to issue Shares to the Participant until payment of the Issue Price (if any) is received by the Company in cleared funds.

7.4 Shares to rank equally

Unless otherwise determined by the Board at the time of an Offer, all Shares issued pursuant to the Offer will rank equally with existing Shares on and from their date of issue.

8 Share Vesting Conditions

8.1 Conditions

The Board may offer Shares with such conditions relating to the Shares, including as to Dealing or forfeiture as determined by the Board from time to time.

8.2 Compliance by Participant

Each Participant undertakes to:

- (a) only Deal in the Shares as permitted by the Share Vesting Conditions (if any); and

(b) observe all Share Vesting Conditions attached to the Shares issued to them.

8.3 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Unvested Shares.

8.4 Refusal to register transfer

- (a) Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a Holding Lock to prevent a transfer, of any Shares to which Share Vesting Conditions attach, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to any Dealing restrictions under the Share Vesting Conditions.
- (b) Each Participant irrevocably authorises the Board on behalf of the Company to apply a Holding Lock to any Shares to which Share Vesting Conditions attach held by that Participant.

8.5 Retention of Holding Statements

Until any Share Vesting Conditions for a Share (including in relation to any Dealing) are satisfied, the Company may retain the Holding Statements in relation to the Share and any Shares issued with respect to the Share under a bonus or rights issue. The Company will promptly deliver any Holding Statements in relation to a Share which it holds to the Participant on the satisfaction of all Share Vesting Conditions for the Share (including in relation to any Dealing) imposed under Rule 8.1.

8.6 Waiver

The Board may, at its absolute discretion, by notice to the Participant reduce or waive the Share Vesting Conditions attaching to Shares in whole or in part at any time and in any particular case, which may be subject to Shareholder Approval.

8.7 Vesting

- (a) Subject to Rules 8.6, 8.7(b) and 19, any Shares offered under the Plan will not vest unless any Share Vesting Conditions have been satisfied, reached or met.
- (b) If the grant or offer of Shares is subject to Share Vesting Conditions, the Company must give a Participant a Vesting Notice upon the Share Vesting Conditions relating to the Shares issued (or transferred) to the Participant having been satisfied, or waived by the Board.

8.8 Shares cease to be subject to Shares Vesting Conditions

On the earliest of:

- (a) a determination by the Board that any Share Vesting Conditions have been satisfied, reached or met; and
- (b) the Board making a determination to waive any applicable Share Vesting Conditions under Rule 8.6,

then:

- (c) the relevant Shares become Vested Shares and cease to be subject to the restrictions under this Rule 8 and the forfeiture provisions under Rule 9 (except to the extent provided for by Rule 21); and
- (d) the Board must, as soon as reasonably practicable, lift the Holding Lock in respect of the relevant Shares and must notify the holder of the Shares that the Holding Lock has been lifted.

8.9 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the Holding Lock was lifted under Rule 8.8.

9 Forfeiture of Shares

9.1 Forfeiture of Unvested Shares

If a Participant holds any Unvested Shares, the Participant's ownership of those Unvested Shares will be forfeited by the Participant (or any person claiming through the Participant) to the Company (or otherwise as directed by the Board) on the earliest of:

- (a) the Board determining that any Share Vesting Condition applicable to the Unvested Shares has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (b) the Unvested Shares being forfeited in accordance with Rule 18;
- (c) the Unvested Shares being forfeited in accordance with Rule 19;
- (d) the Unvested Shares being forfeited in accordance with Rule 20; or
- (e) unless the Board determines otherwise:
 - (i) the Participant purporting to Deal in the Unvested Shares in breach of the Share Vesting Conditions attaching to those Unvested Shares, other than as permitted under these Rules;
 - (ii) the Board providing written notice under Rule 21(a); or
 - (iii) the Participant purporting to enter into any arrangement in respect of the Unvested Shares in breach of Rule 8.3.

9.2 Treatment of Forfeited Shares

- (a) As soon as reasonably practicable after Forfeited Shares are forfeited, the Company must:
 - (i) sell those Forfeited Shares in the ordinary course of trading on the stock market of the ASX;
 - (ii) buy-back and cancel the Forfeited Shares;
 - (iii) if a Trust has been established, transfer those Forfeited Shares to the Trustee; or

- (iv) deal with the Forfeited Shares in any other manner determined by the Board from time to time.
- (b) For the avoidance of doubt, the Company will hold full legal and beneficial title to any Forfeited Shares which are transferred to the Company pursuant to any power of attorney granted by a Participant at all times until those Forfeited Shares are disposed of by the Company.

9.3 Effect of forfeiture

For the avoidance of doubt, no consideration or compensation will be payable to a Participant for or in relation to the forfeiture by the Participant of ownership of Shares held under the Plan.

9.4 Conditions on forfeiture

In making any determination as to the forfeiture or otherwise of the ownership of Shares or other entitlements under Rule 9 the Board may impose any conditions that it thinks fit.

10 Voting rights and dividends of Shares

- (a) Unless otherwise resolved by the Board when it makes an Offer, and subject to the terms of issue of the relevant Shares, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to the Shares registered in the Participant's name which were the subject of the Offer.
- (b) The Board may determine, at the time of an Offer of Shares to a Participant, whether the Participant is entitled to all dividends declared or paid on Unvested Shares (including whether any such dividends are to be held in escrow until the Shares are fully vested).

11 Rights issues and bonus issues

- (a) Subject to paragraph (b), unless otherwise resolved by the Board when it makes an Offer, a Participant who holds the Shares issued pursuant to the Offer has the same entitlement as any other Shareholder in the Company to participate in any rights issue or bonus issue, provided however, if the Shares held by the Participant are subject to any Share Vesting Conditions or any restrictions on sale imposed under Rule 8.1, any shares issued to a Participant under the rights issue or bonus issue will be subject to these Rules and deemed to have the same Share Vesting Conditions and restrictions attached as if those shares were Shares issued under the Offer made to the Participant.
- (b) If the Shares are held by the Trustee on behalf of a Participant, in order for the Participant to participate in any rights issue or bonus issue (through the Trustee), such Shares held by the Trustee must be, at the date of the rights issue or bonus issue, allocated to a Participant and not be subject to any Share Vesting Conditions.

12 Capital reconstructions

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares issued pursuant to the Offer to a Participant as the Board deems appropriate.

13 Issue of Options or Performance Rights

13.1 Acceptance by Eligible Employee

By accepting an Offer in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules;
- (b) irrevocably offered to acquire the Shares, Options or Performance Rights (and the Shares upon the exercise of Options or Performance Rights) the subject of the Offer:
 - (i) under, and subject to, these Rules; and
 - (ii) on and subject to the terms and conditions of the Offer.

13.2 Acceptance by Company

Unless provided for otherwise in an Offer, the Company will be deemed to have accepted an Eligible Employee's Application upon the issue to the Eligible Employee (or Nominated Party, if applicable), of the Awards the subject of the Application, and the notification to the Eligible Employee and Nominated Party (if applicable) of the issue of the Awards (including via the issue of a Certificate). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Awards until they have been issued and notice is provided.

13.3 Certificates

The Company must give a Participant a Certificate in respect of Options and Performance Rights issued to them.

13.4 Interest in Shares

A Participant has no right or interest in a Share the subject of an Option or Performance Right held by the Participant unless and until the Option or Performance Right is exercised and the Share is issued. Nor does the holder of an Option or Performance Right have any rights to dividends, rights to vote or rights to the capital of the Company as a Shareholder as a result of holding an Option or a Performance Right. Subject to the Corporations Act and the Constitution, a Participant will not, as a holder of an Option or a Performance Right, have any right to attend to vote at general meetings of holders of Shares.

14 Exercise of Options and Performance Rights

14.1 Exercise

- (a) Subject to Rules 4.1, 14.2 and 18, a Participant will be entitled to exercise:
 - (i) an Option if they have received a Vesting Notice confirming that any Option Vesting Conditions have been satisfied or waived;
 - (ii) a Performance Right if they have received a Vesting Notice confirming that any Performance Right Vesting Conditions have been satisfied or waived; and
 - (iii) it is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) Once an Option or Performance Right is capable of exercise in accordance with this Rule 14.1, it may be exercised at any time up until 5.00 pm (WST) on the Last Exercise Date, subject to these Rules.

14.2 Adjustment to terms of exercise

- (a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option or a Performance Right, including reducing or waiving the Option Vesting Conditions attaching to Options or Performance Rights Vesting Conditions attaching to Performance Rights in whole or in part at any time and in any particular case. Any proposed variation or adjustment will be subject to any requirements of the Corporations Act and/or the Listing Rules (including shareholder approval pursuant to Listing Rule 6.23.4).
- (b) No adjustment or variation of the terms of exercise of an Option or a Performance Right will be made without the consent of the Participant who holds the relevant Option or Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Options or Performance Rights), other than an adjustment or variation introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future Applicable Law governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.

14.3 Exercise of Options or Performance Rights

Options or Performance Rights granted to a Participant may only be exercised by delivery to the Company Secretary (at a time when the Options or Performance Right may be exercised) of:

- (a) the Certificate for the Options or Performance Rights or, if the Certificate for the Options or Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss,

costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the Certificate has been lost or destroyed;

- (b) a Notice of Exercise signed by the Participant; and
- (c) payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Options or Performance Rights which are being exercised unless there is no Exercise Price payable in respect of the Options or Performance Rights to be exercised.

14.4 Cashless exercise of Options or Performance Rights

In lieu of paying the aggregate Exercise Price to purchase Shares under Rule 14.3(c), the Board may, in its sole and absolute discretion, permit a Participant to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options or Performance Rights to the Company, a number of Shares determined in accordance with the following formula (a **Cashless Exercise**):

$$A = \frac{B(C - D)}{C}$$

where:

- A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant pursuant to this Rule 14.4;
- B = the number of Shares otherwise issuable upon the exercise of the Option or Performance Right (as applicable) or portion of the Option or Performance Right (as applicable) being exercised;
- C = the Market Value of one Share determined as of the date of delivery to the Company Secretary of the items referred to in Rules 14.3(a) and 14.3(b); and
- D = the Exercise Price.

For example only: If a Participant holds 50 Options capable of exercise, each with an Exercise Price of \$1.00 and they elect to exercise all of their Options by paying the Exercise Price, they would pay \$50 and receive 50 Shares. However, if the Participant elects their rights under the Cashless Exercise, and the Market Value of one Share prior to exercise is \$1.50, the Participant will pay no cash and receive 16 Shares (being $50(\$1.50 - \$1.00)/\$1.50 = 16.67$, rounded down to 16 Shares).

For greater certainty, upon the Cashless Exercise of an Option or Performance Right (or portion thereof) (as applicable), the total number of Shares that may be issued pursuant to the exercise of Options under the Plan, as set forth in Rule 14.3, will be reduced by the total number of Shares with respect to which the Option or Performance Right (or portion thereof) (as applicable) was surrendered.

Note: The Company should obtain tax and accounting advice prior to the Board exercising its discretion under this Rule to permit a Cashless Exercise of Options or Performance Rights (as applicable) to ensure that the Cashless Exercise is implemented in a manner to achieve the desired tax and accounting outcomes at the time.

14.5 Loans and security

- (a) The Company or any of its Subsidiaries may agree to assist a Participant to fund the Exercise Price to purchase Shares under Rule 14.3(c) in such manner as the

Board may determine, and the Company (or its Subsidiary) may take security over the purchased Shares in connection with such assistance. Any such loan will be subject to:

- (i) the loan being a limited recourse loan;
- (ii) unless otherwise agreed by the Board in its sole discretion, be made solely to the Participant and in the name of the Participant.
- (iii) the Participant complying with the requirements relating to the loan set out in an Offer Document, or any other relevant documentation issued by the Company in respect of the offer, including entering into a loan agreement evidencing the loan with the Company; and
- (iv) the Company or its Subsidiary complying with the requirements of the Corporations Act in relation to financial assistance and loans offered in connection with an employee share scheme.

14.6 One or several parcels

Subject to Rule 14.1, Options or Performance Rights may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options or Performance Rights in any parcel is not less than a Marketable Parcel.

14.7 Vesting

If the grant or offer of Options or Performance Rights is subject to Option Vesting Conditions or Performance Right Vesting Conditions respectively, the Company must give a Participant a Vesting Notice upon the Option Vesting Conditions relating to the Options Vesting Conditions or the Performance Right Vesting Conditions relating to the Options or Performance Rights issued (or transferred) to the Participant having been satisfied, or waived by the Board.

14.8 Issue of Shares

- (a) If the items specified in Rule 14.3 are delivered in accordance with that Rule, the Company will, subject to Rule 4.1 and the Listing Rules (if relevant):
 - (i) within 5 Business Days of delivery of the documents referred to in Rule 14.3 issue to the Participant the Shares credited as being fully paid in respect of which the Options or Performance Rights are exercised together with any additional Shares an entitlement to which has arisen under Rule 17 in consequence of the exercise of the Options or Performance Rights; and
- (b) cancel the Certificate delivered pursuant to Rule 14.3(a) and, if any Options or Performance Rights held by the Participant have not lapsed and remain unexercised, deliver to the Participant a replacement Certificate reflecting the number of those Options or Performance Rights which remain unexercised.

14.9 Agrees to become a member

Upon issue of Shares under the Plan, a Participant agrees to become a member of the Company and be bound by the Constitution.

14.10 Equal rank

A Share issued on exercise of an Option or Performance Right will rank equally in all respects with Shares already on issue on the date of issue of the Shares, except for entitlements which had a record date before the date of issue of that Share.

15 Lapse of Options and Performance Rights

15.1 Lapse of Options or Performance Rights

Unless otherwise specified in the Options Vesting Conditions, or Performance Right Vesting Conditions or determined otherwise by the Board an Option or a Performance Right lapses on the earlier of:

- (a) the Board determining that any Option Vesting Condition applicable to the Option or any Performance Right Vesting Condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (b) the day immediately following the Last Exercise Date; or
- (c) the Option or Performance Right lapsing in accordance with Rule 18, 19 or 20.

15.2 On lapsing

Where a Participant's Options or Performance Rights have lapsed under Rule 15.1:

- (a) all rights of a Participant under the Plan in respect of those Options or Performance Rights are forfeited; and
- (b) the Company will:
 - (i) notify the Participant that the Options or Performance Rights have lapsed;
 - (ii) cancel the Options or Performance Rights;
 - (iii) if only part of the Options or Performance Rights covered by a Certificate have lapsed, issue a Certificate stating the remaining number of Options or Performance Rights held by the Participant that have not lapsed; and
 - (iv) not be liable for any damages or other amounts to the Participant in respect of the Options or Performance Rights.

16 Dealings with Options and Performance Rights

16.1 No Dealing

- (a) A Participant may not engage in any Dealing with any Options or Performance Rights issued under the Plan, unless:
 - (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.
- (b) Unless otherwise decided by the Board, where a Participant purports to Deal with an Option or Performance Right other than in accordance with Rule 16.1(a), the Option or Performance Right immediately lapses.

16.2 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Options or Performance Rights.

17 Participation rights in new issues, reorganisations of capital and winding up

17.1 Application of this Rule

This Rule 17 applies to Participants who hold Options or Performance Rights that they have not yet exercised and which have not lapsed.

17.2 New issues

- (a) Participants holding Options or Performance Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - (i) they have become entitled to exercise their Options or Performance Rights under the Plan; and
 - (ii) they exercise their Options or Performance Rights and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.
- (b) In accordance with the Listing Rules, the Company will give Participants notice of any new issue of securities before the record date for determining entitlements to the new issue.

17.3 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the pro rata issue, the Exercise Price of the Option or Performance Right will be reduced according to the formula specified in the Listing Rules.

17.4 Bonus issues

If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had

exercised the Option or Performance Right before the record date for the bonus issue. No adjustment will be made to the Exercise Price.

17.5 Reorganisation of capital

If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Options or Performance Rights to which each Participant is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

17.6 Winding up

If a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Option Vesting Conditions or Performance Right Vesting Conditions, the Participants may, during the period referred to in the notice, exercise their Options or Performance Rights.

17.7 Fractions of Shares

For the purposes of this Rule 17, if Options or Performance Rights are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

17.8 Calculations and adjustments

Any calculations or adjustments which are required to be made under this Rule 17 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

17.9 Notice of adjustments

Whenever the number of Shares underlying an Option or Performance Right or the Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and the ASX together with the calculations on which the adjustment is based.

17.10 Accumulation of adjustments

Effect will be given to this Rule 17 in such manner that the effect of the successive application of this Rule 17 will be cumulative, with the intention being that the adjustments that it progressively effects will reflect previous adjustments.

18 Cessation of employment

18.1 Cessation of employment

Subject to Rule 18.2, if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the

Plan ceases to be an Employee for any reason, then, subject to compliance with the Listing Rules and the Corporations Act any

- (a) Unvested Shares held by the Participant will be forfeited by the Participant in accordance with Rule 9;
- (b) Unvested Options or Unvested Performance Rights held by the relevant Participant will immediately lapse in accordance with Rule 15; and
- (c) any Vested Options or Vested Performance Rights that have not been exercised will lapse in accordance with Rule 15 on the date the Relevant Person ceases to be an Employee.

18.2 Board discretion

- (a) If an Eligible Employee who:
 - (i) is a Participant; or
 - (ii) has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan,

ceases to be an Employee during the Vesting Period, notwithstanding the provisions of Rule 18.1, the Board may, subject to compliance with the Listing Rules and the Corporations Act (which may require Shareholder Approval), determine to treat any Unvested Shares, Options or Performance Rights held by the relevant Participant in any way other than in the manner set out in Rule 18.1, if the Board determines that the relevant circumstances warrant such treatment.

- (b) The Company must, within 14 days of the Board making a determination as to how to treat any Unvested Shares, Options or Performance Rights in accordance with Rule 18.2(a):
 - (i) give notice to the Participant affected by the determination of the effect of the determination on the remaining Unvested Shares, Options or Performance Rights held by the Participant; and
 - (ii) issue a replacement Certificate for the Unvested Shares, Options or Performance Rights to the extent that the details set out in the Certificate require amendment as a result of the determination.

19 Change of Control Event

19.1 Change of Control Event

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules determine how Unvested Shares, Unvested Options or Unvested Performance Rights held by a Participant will be treated, including but not limited to:

- (a) determining that Unvested Shares, Unvested Options or Unvested Performance Rights (or a portion of Unvested Shares, Unvested Options or Performance Rights) will vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the

Participant is terminated or ceases in connection with the Change of Control Event; and/or

- (b) reducing or waiving any of the Share Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions attaching to those Unvested Shares, Unvested Options or Unvested Performance Rights in accordance with Rule 8.6 or Rule 14.2.

19.2 Notice to Participants

Whether or not the Board determines to accelerate the vesting of any Shares, Options or Performance Rights, the Company must give written notice of any proposed Change of Control Event to each Participant.

20 Breach, fraud or misconduct

If the Board determines that a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Options or Performance Rights under the Plan) at any time:

- (a) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant (or Eligible Employee) without notice;
- (b) has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Group Company;
- (c) has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Participant (or Eligible Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Group Company;
- (d) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);
- (e) is in material breach of any of his or her duties or obligations to a Group Company; or
- (f) has done an act which brings a Group Company into disrepute,

the Board may determine that:

- (g) all Unvested Shares held by the relevant Participant will be forfeited by the Participant in accordance with Rule 9;
- (h) all Options or Performance Rights held by the relevant Participant will lapse in accordance with Rule 15.

21 Clawback

If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Share Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions in respect of certain Vested Shares, Vested Options or Vested Performance Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those Vested Shares (**Affected Shares**), Vested Options

(**Affected Options**) or Vested Performance Rights (**Affected Performance Rights**) and the Board may:

- (a) by written notice to the Participant cancel the relevant Affected Options or Affected Performance Rights for no consideration or determine that the Affected Shares are Forfeited Shares for the purposes of Rule 9;
- (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Shares or Affected Options or Affected Performance Rights (and which have been converted into Shares), with such payment to be made within 30 Business Days of receipt of such notice; or
- (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Shares, Affected Options or Affected Performance Rights.

22 Amendments of Rules

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Board (without the necessity of obtaining the prior or subsequent consent or approval of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Share, Option or Performance Right granted before the date of amendment must not be reduced or adversely affected unless prior written approval from the affected Participant(s) is obtained.

23 Administration of Plan

- (a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.
- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

24 Appointment of trustee

- (a) The Board may at any time:
 - (i) appoint a trustee (**Trustee**) on any terms and conditions which it considers appropriate to do all such things and perform all such functions as it considers appropriate to operate and administer the Plan, including to acquire and hold Shares on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan; and
 - (ii) establish a trust (**Trust**) for the purposes set out in Rule 24(a)(i).

- (b) If the Board appoints a Trustee to hold Shares that are to be delivered to a Participant under this Plan:
 - (i) the Shares will be registered in the name of the Trustee and held by the Trustee on trust for that Participant and subject to the trust deed establishing the Trust (**Trust Deed**);
 - (ii) for the avoidance of doubt, to the extent there is any inconsistency between these Rules and any provision of the Trust Deed, the Trust Deed will prevail to the extent of the inconsistency;
 - (iii) where any provision of this Plan refers to granting, issuing, transferring or allotting Shares to, or holding, acquiring, receiving, subscribing for or disposing of Shares by the Participant, it will mean granting, issuing, transferring or allotting Shares to, or holding, acquiring, receiving, subscribing for or disposing of Shares by, the Trustee on behalf of that Participant;
 - (iv) unless the context requires otherwise, any other Rule of this Plan that refers to the Participant will mean the Trustee on behalf of that Participant; and
 - (v) the Trustee on behalf of each Participant will be entitled to any rights which accrue to Shares held for the benefit of that Participant and will exercise those rights in accordance with the Trust Deed.

25 Rights of Eligible Employees

Neither participation in the Plan by a Group Company or any Eligible Employees or holders of an Award or anything contained in these Rules will in any way prejudice or affect the right of a Group Company to dismiss any Eligible Employee or holder of an Award or to vary the terms of employment of any Eligible Employee or holder. Nor will participation or the rights or benefits of an Eligible Employee or holder of an Award under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Employee or holder of an Award against a Group Company whether in respect of any alleged wrongful dismissal or otherwise.

26 Attorney

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including Applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

27 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

28 Notices

Any notice to Participants may be given in such manner as the Board determines.

29 Governing Law

This Plan is governed by and shall be construed and take effect in accordance with the laws of Western Australia.

Schedule 1 Dictionary

1 Dictionary

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Affected Options has the meaning given to it in Rule 21.

Affected Performance Rights has the meaning given to it in Rule 21.

Affected Shares has the meaning given to it in Rule 21.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Corporations Regulations;
- (c) the Listing Rules;
- (d) the Constitution;
- (e) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);
- (f) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c) and (e) above; and
- (g) any other legal requirement that applies to the Plan.

Application means a duly completed and executed application for the issue of Shares, Options or Performance Rights made by an Eligible Employee in respect of an Offer, in the form approved by the Board from time to time.

ASIC means the Australian Securities and Investments Commission.

Associated Entity has the meaning given in section 50AAA of the Corporations Act.

ASX means the Australian Securities Exchange.

ASX Operating Rules means the ASX rules that govern the ASX and its clearing and settlement facilities.

Award means:

- (a) an Option;
- (b) a Performance Right; or
- (c) a Share,

as applicable.

Board means the board of directors of the Company.

Business Day means a day on which banks are open for general business in Perth, Western Australia, excluding Saturdays or Sundays.

Cashless Exercise has the meaning given in Rule 14.4.

Certificate means a certificate issued under Rule 13.3 in the form approved by the Board from time to time.

Change of Control Event occurs where:

- (d) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
- (e) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (f) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
- (g) any Group Company enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies; or
- (h) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies.

Company means Westgold Resources Limited ABN 60 009 260 306.

Constitution means the constitution of the Company (as amended from time to time).

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Corporations Regulations means the *Corporations Regulations 2001* (Cth), as amended from time to time.

Deal or Dealing means, in relation to a Share, Option or Performance Right:

- (a) to sell, transfer, assign, novate, swap, declare a trust over, grant a Security Interest over, dispose of or otherwise alienate or deal with any legal or equitable interest in the Share, Option or Performance Right (as applicable); or
- (b) taking any steps or attempting to do any of the things set out in paragraph (a).

Directors means the directors of the Company.

Eligible Employee means an Employee whom the Board determines is to be issued Awards under the Plan.

Employee means a person who is an employee or director of, or an individual who provides services to, a Group Company.

Exercise Price means the exercise price of an Option or Performance Right.

First Acceptance Date means the first date that an eligible Employee may accept an Offer.

Final Acceptance Date means the final date that an Eligible Employee may accept an Offer.

First Exercise Date with respect to an Option or Performance Right means:

- (a) the date specified in an Offer or Certificate;
- (b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date of issue of the Option or Performance Right; or
- (c) the date determined under these Rules (if any).

Forfeited Shares means the Shares the ownership of which has been or is required to be (as the case maybe) forfeited under the Rules.

Grant Conditions means the conditions (if any) determined by the Board and specified in the Offer which are, subject to these rules, required to be satisfied, reached or met before a Share, Option or Performance Right will be granted.

Group means the Company and its Associated Entities and **Group Company** means the Company or any of its Associated Entities.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holding Lock means a mechanism arranged or approved by the Board and administered by the Company (including through its share registry) that prevents Shares being disposed of by a Participant.

Holding Statement means a statement issued by the share registry of the Company detailing a Participant's holding of Shares.

Issue Cap means the issue cap for offers involving Monetary Consideration under section 1100V of the Corporations Act.

Issue Price means the amount (if any) payable per Share, Option or Performance Right by an Eligible Employee on application for Shares, Options or Performance Rights offered under an Offer.

Last Exercise Date with respect to an Option or Performance Right means:

- (a) the date specified in an Offer or Certificate;
- (b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date two years after the First Exercise Date; or
- (c) the date determined under Rule 18 (if any).

Liabe Person means:

- (a) a person named, with their consent, in the terms and conditions or in the Offer Document as a proposed director of the Company; and
- (b) a person named, with their consent, in the terms and conditions or the Offer Document as having made:
 - (i) a misleading or deceptive statement; or
 - (ii) a statement on which a misleading or deceptive statement is based.

Listing Rules means the official listing rules of the Australian Securities Exchange as amended from time to time.

Loss means all losses, liabilities, damages and claims, and all related costs and expenses (including any and all reasonable legal fees and reasonable costs of investigation, litigation, settlement, judgment, appeal, interest and penalties).

Market Value means, in relation to a Share, the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded immediately before the relevant date.

Marketable Parcel has the meaning given to that term in the ASX Operating Rules, as amended from time to time.

Monetary Consideration means monetary consideration payable by the Participant in respect of the issue or transfer of a Share, Option or Performance Right and/or the monetary consideration payable by the Participant on the exercise of an Option or Performance Right.

Nominated Party means, in respect of an Eligible Employee:

- (a) an immediate family member of the Eligible Employee;
- (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Employee is a director of the trustee; or
- (c) a company whose members comprise no persons other than the Eligible Employee or immediate family members of the Eligible Employee.

Notice of Exercise means a duly completed and executed notice of exercise of an Option or Performance Right in the form approved by the Board from time to time.

Offer means an offer made to an Eligible Employee to subscribe for one or more Shares, Options or Performance Rights under the Plan.

Offer Document means an offer document that complies with Rule 5.5 and Applicable Law and is otherwise in the form approved by the Board from time to time.

Option means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

Option Vesting Condition means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or

Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option vests and can be exercised.

Participant means an Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan, or if Rule 5.11 applies, a Nominated Party of the Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan.

Performance Right means conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

Performance Right Vesting Condition means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before a Performance Right vests and can be exercised.

Plan means the employee equity incentive scheme established in accordance with these Rules.

Relevant Person means:

- (a) in respect of an Eligible Employee, that person; and
- (b) in respect of a Nominated Party of an Eligible Employee being a Nominated Party under Rule 5.11, that Eligible Employee.

Rules means the rules of the Plan set out in this document.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature (including the registration and/or perfection of that security interest under the *Personal Property Securities Act 2009* (Cth)).

Share means a fully paid ordinary share in the Company.

Share Vesting Conditions means the conditions (if any) determined by the Board and specified in the terms of the Offer under which a Share is offered, limiting the rights of the Participant holding the Share to Deal in the Share or which might result in forfeiture of the Share.

Shareholder means a holder of Shares.

Shareholder Approval means any prior approvals that need to be obtained from Shareholders of the Company in terms of these Rules before an action is taken or determination made under these Rules and doesn't contemplate the concept of shareholder approval generally.

Subsidiary has the meaning given to that term in the Corporations Act.

Trust has the meaning given in Rule 24.

Trust Deed has the meaning given in Rule 24.

Trustee has the meaning given in Rule 24.

Unvested Option means an Option that is not a Vested Option.

Unvested Performance Right means a Performance Right that is not a Vested Performance Right.

Unvested Share means a Share that is not a Vested Share.

Vested Option means an Option in respect of which the Board has determined that all the Option Vesting Conditions (if any) have been satisfied or waived.

Vested Performance Right means a Performance Right in respect of which the Board has determined that all the Performance Right Vesting Conditions (if any) have been satisfied or waived.

Vested Share means a Share the subject of an Offer in respect of which the Board has determined that all of the Share Vesting Conditions (if any) attaching to the Share have been satisfied or waived.

Vesting Conditions means the Share Vesting Conditions, Option Vesting Conditions and Performance Right Vesting Conditions.

Vesting Notice means a notice to a holder of a Share, Option or Performance Right that, to the extent specified in the vesting notice, the Share Vesting Conditions or the Option Vesting Conditions or Performance Right Vesting Conditions have been satisfied or waived.

Vesting Period means the period (if any) determined by the Board and specified in the terms of the Offer during which:

- (a) in the case of an Offer of Shares, the Shares will be subject to the Share Vesting Conditions; and
- (b) in the case of an Offer of Options or Performance Rights, any Option Vesting Conditions or Performance Right Vesting Conditions (as applicable) are required to be satisfied (unless waived by these Rules) before the Options or Performance Rights vest and can, between the First Exercise Date and the Last Exercise Date, be exercised.

WST means western standard time as recognised in Perth, Western Australia.

2 Interpretation

In these Rules unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:

- (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a document includes all amendments or supplements to that document;
 - (iii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (iv) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (v) a monetary amount is in Australian dollars;
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (h) in determining the time of day, where relevant to these Rules, the relevant time of day is:
- (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located.

APPENDIX M
INFORMATION CONCERNING THE
COMBINED COMPANY FOLLOWING THE ARRANGEMENT

INTRODUCTION

This Appendix M is a summary of the Combined Company, its business, assets and operations, which should be read together with the more detailed information and financial data statements contained elsewhere in this Circular to which this Appendix M is attached. Unless otherwise indicated, the information contained in this Appendix M is given as of the date of this Circular.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this Appendix M, references to "A\$" or "AUD\$" are to Australian dollars and references to "CAD\$" or "C\$" are to Canadian dollars. Certain totals, subtotals and percentages throughout this Appendix M may not reconcile due to rounding.

The following table sets forth, for each period indicated, the low and high exchange rates for Australian dollars expressed in Canadian dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the daily average exchange rate as reported by the Bank of Canada for the conversion of Australian dollars into Canadian dollars.

	Year ended June 30, 2023,		
	2023	2022	2021
	(C\$)	(C\$)	(C\$)
Low	0.8633	0.8861	0.9263
High	0.9490	0.9474	0.9978
Period End	0.8814	0.8892	0.9295
Average	0.9016	0.9182	0.9572

On June 17, 2024, the exchange rate for Australian dollars expressed in Canadian dollars (as reported by the Bank of Canada) was A\$1.00 = C\$0.9073.

GLOSSARY

Unless the context indicates otherwise, capitalized terms which are used in this Appendix M have the meaning ascribed below. All other capitalized terms used herein and not otherwise defined in this Appendix M have the meanings given to such terms set forth in the glossary of terms found in this Circular.

"**Beta Hunt Mine**" means Karora's Beta Hunt Mine located 600 km east of Perth in Kambalda, Western Australia, more particularly detailed in the Section titled "*Description of the Business of the Combined Company*" in this Appendix M.

"**Bluebird Mill**" means Westgold's 1.8Mtpa conventional CIL processing plant in the Meekatharra region.

"**CIL**" means carbon in leach.

"**Cue Operations**" means Westgold's Cue Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Cue Operations*" in Appendix L.

"**DEMIRS**" means the Department of Energy, Mines, Industry Regulation and Safety.

"**Fortnum Operations**" means Westgold's Fortnum Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Fortnum Operations*" in Appendix L.

"**Higginsville Gold Operations**" means Karora's Higginsville Gold Operations inclusive of the Higginsville Mill, located 45 km north of Norseman and 130 km south of Kalgoorlie in Western Australia, and the Spargos Reward Gold Mine and the Lakewood Mill, more particularly detailed in the Section titled "*Description of the Business of the Combined Company*" in this Appendix M.

"**Higginsville Mill**" means the mill located at the Higginsville Gold Operations.

"**Lakewood Mill**" means the Lakewood mill in the Kalgoorlie mining center of Western Australia.

"**Meekatharra Operations**" means Westgold's Meekatharra Gold Operations, more particularly detailed in the Section titled "*Mineral Projects – Meekatharra Operations*" in Appendix L.

"**SABC**" means semi autogenous ball mill crushers.

"**Spargos Reward Gold Mine**" means the Spargos Reward gold mine located 50 km south of Coolgardie and 15 km west of Kambalda, Western Australia.

"**Westgold Performance Rights**" means a right to subscribe for one Westgold Share, subject to the satisfaction (or waiver) of the applicable vesting conditions.

CORPORATE STRUCTURE

Corporate Summary

Upon completion of the Arrangement, Westgold will indirectly own all of the outstanding Karora Shares and Karora will become a wholly owned subsidiary of Westgold. The Combined Company will continue the operations of Westgold and Karora on a consolidated basis and will continue as a corporation existing under the laws of Australia. Upon completion of the Arrangement, the Combined Company will be listed on both the ASX and the TSX.

The Combined Company is expected to be positioned as one of the largest unhedged Australian gold producers with a pro forma market capitalization of approximately A\$2.1 billion (based on the Combined Company's pro forma issued shares and Westgold's closing price of A\$2.26 as at June 17, 2024). The Combined Company will have flexibility and optionality from a combined five mills and 6.9 million tonnes per annum of processing capacity exclusively in Western Australia along with significant exploration upside through an approximate 3,200km² land package across two Western Australian goldfields. The combination of Westgold and Karora has the potential to deliver synergies including: cost savings through the optionality provided by Westgold's existing mining and drilling fleet paired with Karora's newly purchased equipment; economies of scale in a combined supply chain; the ability to leverage the combined in-house expertise to efficiently progress projects towards production, such as Karora's Spargos Reward Gold Mine; and an increased platform to attract and retain talent as a larger and more significant Western Australian employer.⁵

The Combined Company is expected to have financial resources of approximately A\$160 million, comprised of Westgold's existing corporate revolving facility (subject to requisite consents), existing cash and marketable securities and the acquired Karora cash and equivalents; and following payment of the cash consideration to Karora Shareholders, deducting the cash retained in SpinCo, following repayment of the existing Karora Senior Facility, following payment of any landholder duty and following payment of other transaction costs. The Combined Company will be positioned to benefit from a strong combined forecast free cashflow profile, which provides a strong financial platform to continue investing in organic growth opportunities while enhancing Westgold's dividend policy due to the increased production and cash flow generation from Karora's assets.

⁵ There is no guarantee that such synergies will materialize.

Name, Address and Incorporation

The Combined Company's principal executive office will be located at Westgold's current principal executive office, being Level 6, 200 St. Georges Terrace, Perth, Western Australia 6000.

Intercorporate Relationships

Set out below in Figure 7 is the corporate structure of the Combined Company following the Arrangement.

On completion of the Arrangement, AcquireCo will directly own, and Westgold will indirectly own, all of the issued and outstanding shares in the capital of Karora. After completion of the Arrangement, the business and operations of Karora will be managed and operated as an indirect subsidiary of Westgold. Westgold will control 100% of the voting capital of all of the entities presented in the organization chart set forth in Figure 7 below.

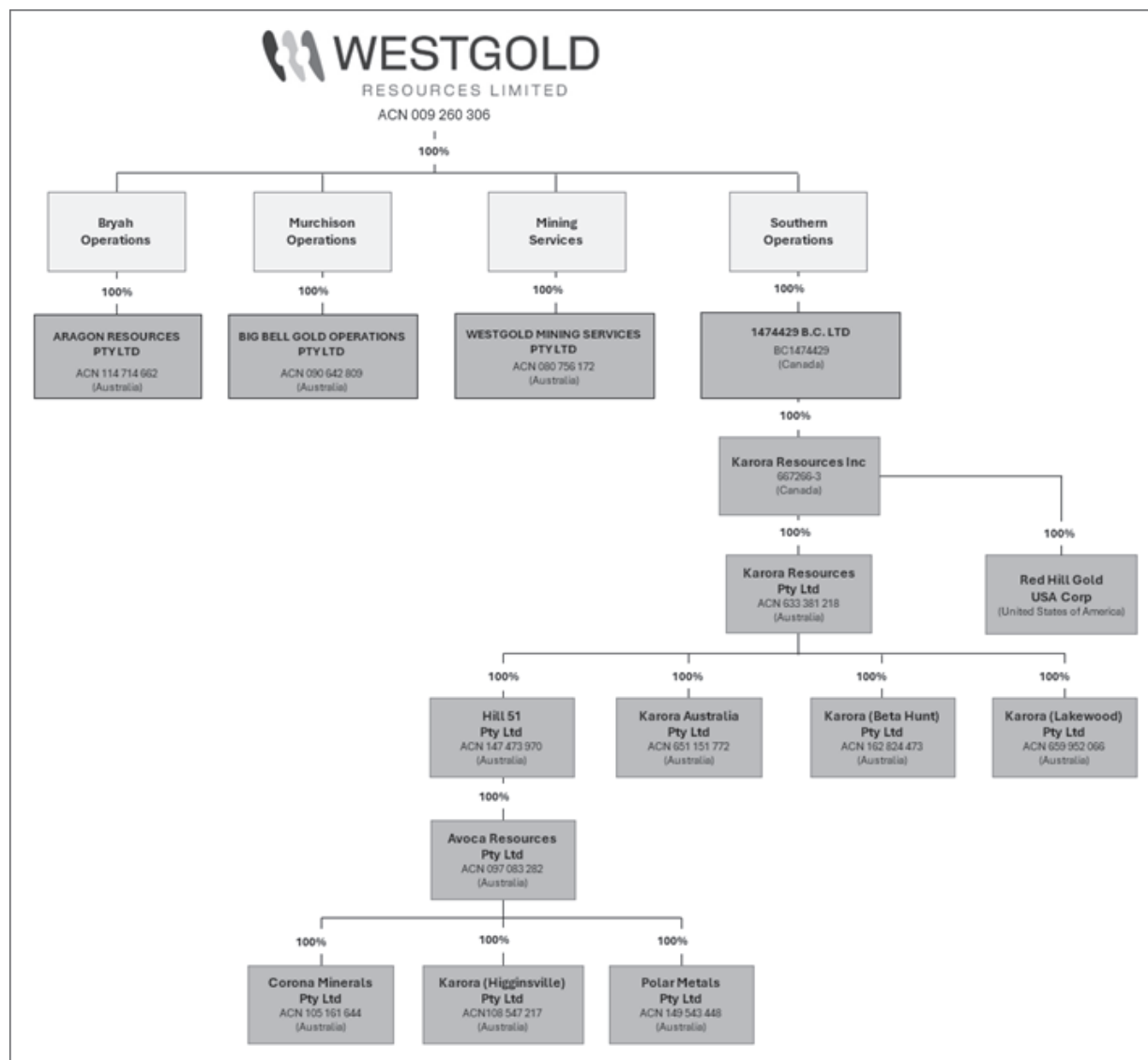


Figure 7: Combined Company Corporate Structure

For personal use only

DESCRIPTION OF THE BUSINESS OF THE COMBINED COMPANY

Description of the Business

On completion of the Arrangement, the Combined Company will carry on the business currently operated by Westgold and Karora on a consolidated basis, including the identification, development, exploration and operation of gold mines in Western Australia. The Arrangement is expected to position the Combined Company as a globally investable, mid-tier, top five ASX listed Australian gold producer based on the pro forma market capitalization.

The Combined Company will have a portfolio of assets from an exclusively Western Australian asset base, a clear pipeline of growth projects and high-quality exploration targets. The Combined Company's portfolio of assets will include:

- Westgold's Big Bell, Fender and Great Fingall mines in the Murchison region of Australia, which forms part of Westgold's Cue Operations and are serviced by Westgold's Tuckabianna Mill;
- Westgold's Bluebird and Paddy's Flat underground mines in the Murchison region of Australia, which form part of Westgold's Meekatharra Operations and are serviced by Westgold's Bluebird Mill;
- Westgold's Starlight underground mine in the Bryah region of Australia, which forms part of Westgold's Fortnum Operations and is serviced by Westgold's Fortnum Mill;
- Karora's Beta Hunt Mine in the Kambalda mining district of Western Australia; and
- Karora's Higginsville Gold Operations, including the Higginsville Mill, the Lakewood Mill and Spargos Reward Gold Mine.

Westgold is the owner and operator of its underground mines. This internal capability provides a level of operational flexibility and competitive advantage which has enabled the Westgold business to deliver against operational targets more consistently. A 'hub and spoke' style operating model in the Murchison region provides optionality to process ore from Westgold's mines at either of its two processing hubs near Cue and Meekatharra. In contrast, the Fortnum Operations are centered upon the Fortnum processing hub.

Westgold's corporate strategy is to grow and extend its largest underground mines, increase its operational productivity and focus on profitable gold production. Westgold's principal product is gold bullion. Gold is used for production and fabrication in multiple sectors including jewellery and electronics and as a medium of currency exchange and investment. Westgold's primary revenues are derived from the production and sale of gold bullion.

The Combined Company will adopt the existing policies and procedures, including those related to the executive compensation and corporate governance, of Westgold.

The Combined Company will remain a publicly listed issuer on the ASX under the trading symbol "WGX" and quoted on the OTCQX Best Market under the symbol "WGXRF". Westgold has applied for its Westgold Shares to be listed on the TSX. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX. Upon completion of the Arrangement, the Combined Company will become a reporting issuer in all of the provinces of Canada.

Components, Production and Distribution

The Combined Company's business can be broken into five operational areas, being the Cue Operations the Meekatharra Operations, the Fortnum Operations, the Beta Hunt Operations and the Higginsville Gold Operations.

For personal use only

Cue Operations

The Combined Company will operate two underground gold mines as part of its Cue Operations. These include the large Big Bell sub-level caving operation and the nearby smaller scale Fender long hole open stoping operation. In addition to the operating mines, Westgold is currently developing a new long hole open stoping mine at Big Bell, below the sub-level cave, as well as a new long hole open stoping mine at Great Fingall. The Combined Company will be the owner-operator of all of the Cue Operations.

The Tuckabianna Mill services the Cue Operations and has been operated by Westgold since 2018. The mill comprises a 1.4 Mtpa conventional CIL processing plant consisting of an open circuit jaw crusher followed by closed circuit secondary crushers, a fine ore bin, ball mill, gravity separation circuit, three leach tanks and six carbon adsorption tanks.

The Tuckabianna Mill is primarily fed by the Big Bell underground mine and supplemented with oxide and primary stockpiles (ore from the Fender mine is hauled north to the Bluebird Mill). Gold recoveries depend on the ore sources and range from 82.2% to 90.2% with an average of 87.0%.

During FY24, Westgold transitioned the Tuckabianna Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 6.1MW Solar array with a 2.5MW battery storage system.

The Cue Operations have a paddock style tailings storage facility with currently 12 months of storage capacity. This facility has an already permitted future lift providing a further 12 months of capacity and Westgold is currently permitting a new in-pit tailings storage facility located at Tuckabianna West. This facility is estimated to provide approximately 4.5 years of storage capacity based on current processing rates.

The Tuckabianna Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Meekatharra Operations

The Combined Company will operate a single underground mine at the Meekatharra Operations, being the Bluebird long hole open stoping operation. Until recently, Westgold also operated the nearby Paddy's Flat operation, but this mine was put on care and maintenance in early 2024 with activities currently focusing on exploration drilling. The Combined Company will be the owner-operator of all of the Meekatharra Operations.

The Bluebird Mill services the Meekatharra Operations and has been operated by Westgold since 2015. The mill comprises a 1.8 Mtpa SABC conventional CIL processing plant and consists of an open circuit jaw crusher followed by a primary screen and secondary crusher, coarse ore stockpiles, grinding circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Bluebird Mill is primarily fed by the proximal Bluebird underground mine combined with primary ore hauled from the Fender mine at the Cue Operations some 140km to the south and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 82.9% to 92.7% (with the lower recoveries related to periods when Paddy's Flat ores were processed).

During FY24, Westgold transitioned the Bluebird Mill from being diesel powered to hybrid powered after commissioning a 10.7MW gas fired power station and 13.0MW Solar array with a 5MW battery storage system.

The Meekatharra Operations have a number of approved storage sites for the disposal of tailings with the Bluebird East in-pit tailings storage facility currently in use. Westgold is in the process of permitting the adjoining Great Northern Highway Pit which will provide a further 15 years of storage capacity.

The Bluebird Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

Fortnum Gold Operations

The Combined Company currently operates a single underground mine at the Fortnum Operations, being the Starlight long hole open stopping operation. The Combined Company will be the owner-operator of all of the Fortnum Operations.

The Fortnum Mill services the Fortnum Operations and has been operated by Westgold since 2017. The mill comprises a 0.9 Mtpa conventional CIL processing plant and consists of an open circuit jaw crusher followed by a SABC comminution circuit, gravity separation circuit, two leach tanks and six carbon adsorption tanks and gold recovery section.

The Fortnum Mill is fed by the proximal Starlight underground mine and supplemented with oxide and primary stockpiles. Gold recoveries depend on the ore sources and range from 92.8% to 97.0% with an average recovery of 95.2%.

During FY24, Westgold transitioned the Fortnum Mill from being diesel powered to hybrid powered after commissioning a 9.2MW gas fired power station and 5.5MW Solar array with a 2.2MW battery storage system.

The Fortnum Operations have a paddock-style tailings storage facility, with currently 15 months of remaining storage. Permitting and design is underway for approval to discharge into the nearby Nathan's Open Pit which will provide 4.5 years tailings storage capacity.

The Fortnum Mill produces gold doré bars which are sold through ABC Refinery (Australia) Pty Ltd.

The Beta Hunt Mine

The Beta Hunt Mine is a gold and nickel mine located in the Kambalda mining district of Australia, 600 km from Perth. This deposit hosts both gold and nickel resources in adjacent discrete mineralized zones. The mining tenements on which the Beta Hunt Mine is located are held by St Ives Gold Mining Company Pty Ltd ("**SIGMC**"), a wholly owned subsidiary of Gold Fields Limited ("**Gold Fields**"). The Combined Company will operate the Beta Hunt Mine by virtue of an existing sub-lease agreement with SIGMC ("**Beta Hunt Sub-Lease**"). The Beta Hunt Sub-Lease grants the right to exploit nickel and gold mineralization on the area of the sub-lease. The Beta Hunt Sub-Lease was purchased from Consolidated Nickel Kambalda Operations Pty Ltd ("**CNKO**") in 2013, and the gold rights were added separately by an amendment to the Beta Hunt Sub-Lease agreed with SIGMC in 2014.

On an annual basis, the Combined Company must pay to SIGMC 20% of (i) all rent payable by SIGMC in respect of each tenement (ii) all local government rates and (iii) all land or property taxes. Initial gold production occurred in June to July 2014 and recommenced at the end of 2015. The mine continues to ramp up, having commenced commercial gold production at the end of June 2017. Nickel operations were re-started in 2014.

The Beta Hunt Mine is owner-operated using conventional underground mining methods and with certain specialized services being performed by contractors, including underground mine development, production and diamond drilling, underground vertical development and haulage services.

All gold from the Beta Hunt Mine is processed at the Higginsville Mill and the Lakewood Mill.

Nickel mineralization from the Beta Hunt Mine is currently treated at a third-party processing facility in Kambalda; however, this arrangement will cease when the Kambalda nickel concentrator is placed into care and maintenance in June 2024. Nickel production areas within the Beta Hunt Mine will also be placed into care and maintenance until a long term and economic processing option is available.

Higginsville Gold Operations

On June 10, 2019, Karora acquired 100% of the Higginsville Gold Operations. The Higginsville Gold Operations are located approximately 80 km south of the Beta Hunt Mine in Higginsville, Western Australia. The operation comprises

a 1.6Mtpa processing plant and 242 mining tenements (as of December 30, 2023) and includes the Aquarius, Hidden Secret, Mt Henry, Pioneer and Mitchell deposits. The Higginsville Gold Operations uses conventional underground and open pit mining methods. Gold processing is conducted at the Higginsville Gold Operations, using the Higginsville Mill and the Lakewood Mill.

Avoca Resources Limited ("**Avoca**") purchased the Higginsville exploration assets from Gold Fields in June 2004. The Trident underground deposit, historically the largest deposit at the Higginsville Gold Operations, was discovered by Avoca in 2004 with mining commencing at the deposit in 2007. In April 2007, Avoca raised A\$125 million to commission a new process plant facility at the Higginsville Gold Operations. In that same year, Avoca purchased the neighbouring Chalice deposit from Chalice Gold Mines Limited. Gold production began with the first gold pour on July 1, 2008.

Alacer Gold Corporation ("**Alacer**"), a company incorporated in Canada, acquired the Higginsville Gold Operations after it merged with Avoca in 2011. On October 29, 2013, Alacer completed the sale of its Australian business unit, which included the Higginsville Gold Operations and its assets, to Westgold, which was a wholly-owned subsidiary of Metals X Limited ("**Metals X**") at the time.

In July 2015, Metals X acquired the Mt Henry Gold Project from Panoramic Resources Ltd and Matsa Resources Limited.

The Trident underground mine produced 7,434,000 tonnes @ 4.4g/t Au for 1,045,000 oz of gold up to its closure on December 4, 2016.

On December 1, 2016, Westgold demerged from Metals X. Avoca remained a subsidiary of Westgold and was part of the resultant demerger.

Karora acquired the Higginsville Gold Operations on June 10, 2019 from Westgold.

Karora also acquired the Spargos Reward Gold Mine, which is considered part of the Higginsville Gold Operations, from Corona Resources Limited on August 8, 2020.

In July 2022, Karora acquired the 1.0 Mtpa Lakewood Mill. The Department of Energy, Mines, Industry Regulation and Safety ("**DEMIRS**") has approved the expansion of the Lakewood Mill to increase the total production rate up to 1.2 Mtpa. The Lakewood Mill is located approximately 65 km north of the Beta Hunt Mine in Kalgoorlie, Western Australia and is considered part of the Higginsville Gold Operations.

Specialized Skill and Knowledge

All aspects of the Combined Company's business will require specialized skills and knowledge. Such skills and knowledge include the areas of finance, geology, drilling, mining, construction, engineering, metallurgy, accounting, legal and natural resources. The Combined Company will retain executive officers and consultants with experience in these areas in Australia and has access to technical personnel that provide the Combined Company with skills and knowledge required to conduct its business operations.

Competitive Conditions

The gold mineral exploration and mining business is a competitive business. The Combined Company will compete with other companies and individuals in the consideration of acquisitions, development and advancement of attractive gold assets, and in retaining qualified personnel, suitable contractors for drilling and bulk sampling operations, technical and engineering resources and, to the extent necessary, exploration and mining equipment.

Cycles

Following the Arrangement, the Combined Company's business may be considered cyclical to a limited extent, due to fluctuations in global inflation, interest rates and exchange rates which can drive commodity prices. The

marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Refer to the Section titled "*Risk Factors*" in Appendix L for further information of the risk factors impacting the Combined Company business.

Economic Dependence and Changes to Contracts

The Combined Company will own and operate its underground mines, providing greater control and operating flexibility across its assets. The Combined Company is a party to various contracts, including contracts for the supply of various inputs required for its mining operations. No single customer or supplier contract will be material to the Combined Company's business and individual buyers and sellers generally are unable to influence prices of gold bullion, as a result the Combined Company will not be dependent upon the sale of gold to any one customer.

In connection with the Combined Company's operations, the Combined Company will continue to contract with third parties to achieve its stated objectives and advance the projects. These contracts will carry ordinary risks (such as, a counterparty defaulting in their performance of obligations under the relevant contract), in which case, it may be necessary for the Combined Company to approach a court to seek a legal remedy, which can be costly and may cause delays to the Combined Company's operations or its projects. Some contracts may be subject to renewal and may be terminated with notice at any time. It is not expected that the Combined Company's business will be affected in the current financial year by the renegotiation, amendment or termination of any contracts, other than contracts that are renegotiated, amended or terminated in the normal course of business.

Employees

The Combined Company expects that, upon completion of the Arrangement it will have approximately 1,828 employees.

The Combined Company will continuously evaluate the expertise and skills required to execute its business strategy and seeks to attract and retain employees that are aligned with delivering on the Combined Company's goals.

The Combined Company's success is dependent on the performance of its management team and key individuals, many of whom have specialized skills in the exploration and operation of large-scale gold assets. The Combined Company's key site personnel have been involved in the gold industry for several years and are knowledgeable as to the geology, engineering, construction, approvals, stakeholder engagement, environmental matters, mining, metallurgy and infrastructure related to mining development.

Following the Arrangement, the Combined Company's personnel will be equipped with the skills necessary to perform its operations and continuously assess its workforce capabilities with its business strategy for its operations as it evolves.

Foreign Operations

All of the Combined Company's operations will be conducted in Australia, and are exposed to various levels of political, economic and other risks and uncertainties that are different than operating in a Canadian jurisdiction. Refer to the Section titled "*Risk Factors*" in Appendix L of this Circular for further information of the risk factors impacting the Combined Company business.

Additional Information

For more information on the business of the Combined Company as it will be operated by Westgold, see Appendix L of this Circular. More information regarding the business of Karora, see Karora's annual information form for the year ended December 31, 2023.

For personal use only

MINERAL PROPERTIES

Following completion of the Arrangement, the Combined Company will control five material mineral projects in Western Australia:

- the Cue Operations;
- the Meekatharra Operations;
- the Fortnum Operations;
- the Beta Hunt Operations; and
- the Higginsville Gold Operations.

For more information regarding the mineral properties currently owned by Westgold, being the (i) Cue Operations, (ii) Fortnum Operations, and (iii) Meekatharra Operation, see "*Mineral Projects*" in Appendix L to this Circular.

For more information regarding the mineral properties currently owned by Karora, being the (i) Beta Hunt Mine, and (ii) Higginsville Gold Operations, see the "*Experts*" Section and '*Appendix "A" – Material Mineral Projects*' of Karora's annual information form for the year ended December 31, 2023, filed with securities commissions or similar authorities in each of the provinces of Canada, both excerpts of which are incorporated by reference herein.

DESCRIPTION OF THE COMBINED COMPANY'S SECURITIES

Following the Arrangement, the share capital of the Combined Company will be the share capital of Westgold prior to the Arrangement. The share capital of Westgold will remain unchanged as a result of the completion of the Arrangement, other than for the issuance of the Westgold Shares as Share Consideration contemplated by the Arrangement.

The Combined Company will be authorized to issue an unlimited number of Westgold Shares authorized for issuance subject to shareholder approval, where required under applicable laws, the ASX Listing Rules and approval of the TSX. See "*Description of Securities*" in Appendix L to this Circular.

Based on the pro forma figures as of the date hereof, after giving effect to the Arrangement, it is anticipated that there will be:

- 945,354,750 Westgold Shares issued and outstanding; and
- 9,870,302 Westgold Performance Rights issued and outstanding which are convertible into up to 9,870,302 Westgold Shares upon the satisfaction of the relevant performance and vesting conditions.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated financial information of the Combined Company giving effect to the Arrangement and the accompanying notes are included in Exhibit A to this Appendix M to this Circular. The unaudited pro forma financial information has been prepared in a manner consistent with Westgold's and Karora's respective accounting policies as applied and disclosed in the Westgold Financial Statements, the Karora Financial Statements, and the condensed interim financial statements of Westgold and Karora for the period ended March 31, 2024.

The unaudited pro forma consolidated financial position as at March 31, 2024 gives effect to the Arrangement as if the transaction had closed on March 31, 2024. The unaudited pro forma consolidated statements of comprehensive income for the year ended June 30, 2023 and for the nine months ended March 31, 2024 give effect to the Arrangement as if the transaction had closed on July 1, 2022 and July 1, 2023 respectively. The unaudited pro forma financial information is based on the respective historical consolidated financial statements of Westgold and Karora.

The unaudited pro forma financial information and adjustments, including the allocation of the purchase price, are based upon preliminary estimates of fair values of assets acquired and liabilities assumed, current available information and certain assumptions that Westgold believes are reasonable in the circumstances, as described in the notes to the unaudited pro forma financial information.

The unaudited pro forma financial information is presented for illustrative purposes only and are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. The actual financial position and results of operations of the Combined Company following completion of the Arrangement may differ significantly from the pro forma amounts reflected in the unaudited pro forma financial information due to a variety of factors.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Combined Company and the pro forma capitalization of the Combined Company after giving effect to the Arrangement as of March 31, 2024.

Securities	Pro Forma After giving effect to the Arrangement (A\$)
945,354,750	1,538,246,133

See Exhibit A to this Appendix M for the unaudited pro forma financial information following the completion of the Arrangement.

DIVIDENDS OR DISTRIBUTIONS

The Combined Company will adopt Westgold's dividend policy, which was updated in August 2023, to reflect its commitment to sustainable and consistent returns to Westgold Shareholders. The updated policy seeks to pay a total annual ordinary dividend of at least A\$0.01 per Westgold Share each financial year, up to a maximum of 30% of free cash flow generated for the financial year. See "*Dividends or Distributions*" in Appendix L to this Circular.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

None of the Westgold Shares issuable in connection with the Arrangement will be subject to escrow.

PRINCIPAL SECURITYHOLDERS AND SELLING SECURITYHOLDERS

To the best of the knowledge of the directors and officers of each of Karora and Westgold, upon completion of the Arrangement, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Westgold Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Executive Officers

Following the completion of the Arrangement, it is expected that the executive officers of the Combined Company will remain the current executive officers of Westgold, being (i) Wayne Bramwell as Managing Director, (ii) Su Hau (Tommy) Heng as Chief Financial Officer, (iii) Philip Wilding as Chief Operating Officer and (iv) Susan Park as Company Secretary. For further information see "*Directors and Executive Officers*" in Appendix L to this Circular.

For personal use only

Directors

Following the completion of the Arrangement, it is expected that the board of directors of the Combined Company ("**Combined Company Board**") will consist of the current Westgold Board with the addition of two nominee directors from Karora. Following completion of the Arrangement, the Combined Company Board will be comprised of the following directors: (i) Honorable Cheryl Edwardes AM as Non-Executive Chair; (ii) Fiona Van Maanen as Non-Executive Director; (iii) Gary Davison as Non-Executive Director; (iv) Julius Matthys as Non-Executive Director; (v) David Kelly as Non-Executive Director; (vi) Wayne Bramwell as Managing Director; (vii) Leigh Junk as Independent Non-Executive Director; and (viii) Shirley In't Veld as Independent Non-Executive Director. Mr. Paul Huet will be engaged by the Combined Company in a special advisory role for a period of six months following the completion of the Arrangement.

The following table sets out the names, country and state or province of residence of the expected directors and executive officers of the Combined Company after giving effect to the Arrangement, their expected position(s) and offices with the Combined Company and their expected holdings of Westgold Shares, as applicable, after giving effect to the Arrangement:

Name, Province or State and Country of Residence	Positions with the Combined Company	Director/Officer Since	Westgold Shares Beneficially Owned or Controlled	Westgold Performance Rights Beneficially Owned or Controlled
Honorable Cheryl Edwardes AM Perth, Australia	Non-Executive Chair	March 28, 2022	6,122	-
Wayne Bramwell Perth, Australia	Managing Director and Chief Executive Officer	February 3, 2020 ¹	50,000	1,348,209
Fiona Van Maanen Perth, Australia	Non-Executive Director	October 6, 2016	435,521	-
Gary Davison Perth, Australia	Non-Executive Director	June 1, 2021	-	-
Julius Matthys Perth, Australia	Non-Executive Director	March 28, 2022	112,658	-
David Kelly Perth, Australia	Non-Executive Director	November 5, 2023	-	-

For personal use only

Su Hau (Tommy) Heng Perth, Australia	Chief Financial Officer	August 2, 2021	20,000	380,198
Phillip Wilding Perth, Australia	Chief Operating Officer	October 11, 2022	23,867	409,773
Susan Park Perth, Australia	Company Secretary	April 5, 2022	-	-
Leigh Junk Perth, Australia	Non-Executive Director	N/A	3,194,435	-
Shirley In't Veld Perth, Australia	Non-Executive Director	N/A	299,507	-

Notes:

1. Mr. Wayne Bramwell was appointed as a non-executive director on February 3, 2020, and was appointed as Managing Director of Westgold on May 24, 2022.
2. Immediately following the completion of the Arrangement, the members of the Westgold Remuneration and Nomination Committee are Mr. Julius Matthys (Chair), Ms. Fiona Van Maanen, Mr. Gary Davison and Mr. David Kelly. Refer to the section titled "Executive Compensation – Compensation Governance" for further information regarding the Westgold Remuneration and Nomination Committee.
3. Immediately following the completion of the Arrangement, the members of the Westgold Audit, Risk and Compliance Committee are Ms. Fiona Maanen (Chair), Mr. Julius Matthys, Mr. Gary Davison and Mr. David Kelly. Refer to the section titled "Audit Committee" for further information regarding the Westgold Audit Risk and Compliance Committee.

ASX Listing Rule 14.4 and clause 6.1 of the Westgold Constitution requires that a Westgold Director (other than a Managing Director) must not hold office without re-election for more than three years and that one third of the Westgold Directors in office (other than a Managing Director) must retire by rotation at each annual general meeting of Westgold.

After giving effect to the Arrangement, it is expected that Combined Company Directors and executives as a group will beneficially own, directly or indirectly, approximately 4,142,110 Westgold Shares or 0.44% of the outstanding Westgold Shares.

Biographical information for each of the Karora nominees to the Combined Company Board is set forth below.

- **Leigh Junk – Independent Non-Executive Director**

Mr. Junk is currently Managing Director, Australia of Karora. Most recently, 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. Mr. Junk 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. Mr. Junk has been a Director of several public companies in the mining and financial sectors in both Australia and Canada.

- **Shirley In't Veld - Independent Non-Executive Director**

Ms. 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 Limited, 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).

Biographical information for each of the existing Westgold Board members is detailed in the Section titled "*Directors and Executive Officers*" in Appendix L to this Circular.

Seven of the initial directors of the Combined Company will be independent. Mr. Wayne Bramwell will be a non-independent director as he will be an executive of the Combining Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management no Combined Company Director or executive officer is, as of the date of this Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued: (i) while such person was acting in that capacity; or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

To the knowledge of management, other than as disclosed in this Circular, no Combined Company Director, executive officer, or Combined Company Shareholder holding a sufficient number of securities to affect materially the control of the Combined Company is, as of the date of this Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr Julius Matthys was a director and chief executive officer of Quintis Ltd, when it appointed administrators in 2017, and when it entered into administration in 2024.

Honorable Cheryl Edwardes AM was a director of Kalium Lakes Limited when it entered into voluntary administration on August 3, 2023, following which administrators were appointed, and was a director of Blue Sky Alternative Investments Limited which entered into administration in May 2019.

To the knowledge of management no Combined Company Director, executive officer, or Combined Company Shareholder holding a sufficient number of securities to affect materially the control of Combined Company has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of management no Combined Company Director, executive officer or Combined Company Shareholder holding a sufficient number of securities to affect materially the control of Combined Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any

other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Combined Company's knowledge there are no existing or potential conflicts of interest among the Combined Company, its directors, officers, or other members of management of Combined Company, except that certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of the Combined Company.

EXECUTIVE COMPENSATION

Following the completion of the Arrangement, it is expected that the Combined Company will maintain the policies of Westgold with respect to the executive compensation. For further information see "*Executive Compensation*" in Appendix L to this Circular.

STOCK EXCHANGE LISTING

Following the completion of the Arrangement, it is expected that the Combined Company will be listed on both the ASX and on the OTCQX Best Market under the symbol "WGXRFF". Westgold has applied for its Westgold Shares to be listed on the TSX. Listing of the Westgold Shares on the TSX will be subject to Westgold receiving approval from, and fulfilling all of the original listing requirements of, the TSX.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

Following completion of the Arrangement, it is expected that the Combined Company Board will continue to fulfil the role of an audit committee and that its corporate governance policies will remain unchanged. For further information see "*Audit Committees and Corporate Governance*" in Appendix L to this Circular.

RISK FACTORS

Following completion of the Arrangement, it is expected that the risk factors applicable to the Combined Company will be the same as the risk factors currently applicable to Karora and Westgold. For a discussion of the businesses of Karora and Westgold, together with factors to consider in connection with those businesses, please see the risk factors described under the heading "*Risk Factors*" in the body of this Circular and "*Risk Factors*" in Appendix L to this Circular.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

Following the completion of the Arrangement, it is expected that the auditor for the Combined Company will remain Westgold's current auditor, being Ernst & Young located at 11 Mounts Bay Road, Perth Western Australia 6000.

Transfer Agents, Registrars, Trustees or Other Agents

Following the completion of the Arrangement, the transfer agent and registrar of the Combined Company will remain Westgold's current transfer agent and register, being Computershare Investor Services Pty Ltd located at Level 17, 221 St Georges Terrace, Perth Western Australia 6000.

For personal use only

MATERIAL CONTRACTS

Material Contracts

The following material contracts were entered into by Westgold or Karora since the beginning of 2023, or were entered into by Westgold or Karora before 2023 but remain in effect:

- **The Facility Agreement.**
- **The Arrangement Agreement.**
- **Royalty Buyout, Amendment and Restatement Agreement** dated May 11, 2020 between Avoca Mining Pty Ltd (now named Karora (Higginsville) Pty Ltd) and Morgan Stanley Capital Group Inc., as amended, including by the Partial Assignment, Amendment and Restatement Agreement – Higginsville Royalty Agreement between Morgan Stanley Capital Group Inc, Metalla Royalty & Streaming Ltd and Avoca Mining Pty Ltd (now named Karora (Higginsville) Pty Ltd) dated October 13, 2020.
- **Equity Purchase Agreement** dated July 21, 2020 between Karora and Arpent Inc.
- **Royalty Transaction Agreement** dated August 31, 2020 between Salt Lake Mining Pty Ltd (now named Karora (Beta Hunt) Pty Ltd) and Maverix Metals (Australia) Pty Ltd.
- **Deed of Amendment and Restatement:** Beta Hunt Royalty Agreement dated August 31, 2020 between Salt Lake Mining Pty Ltd (now named Karora (Beta Hunt) Pty Ltd) and Maverix Metals (Australia) Pty Ltd; and Amended and Restated Royalty Agreement dated August 31, 2020 between Salt Lake Mining Pty Ltd (now named Karora (Beta Hunt) Pty Ltd) and Maverix Metals (Australia) Pty Ltd.
- **Amended and Restated Credit Agreement** dated July 14, 2022 between, inter alia, Karora and Macquarie Bank Limited, as amended on October 14, 2022 and June 29, 2023.
- **Deed of Amendment and Restatement** of Beta Hunt Sublease between St Ives Gold Mining Company Pty Ltd and Salt Lake Mining Pty Ltd dated April 3, 2014; and Deed of Novation between Reliance Mining Pty Ltd and St Ives Gold Mining Company Pty Ltd (St Ives), Consolidated Nickel Kambalda Operations Pty Ltd and Salt Lake Mining Pty Ltd dated November 29, 2013.
- **Kali Metals transaction:** Mineral Rights Agreement dated November 1, 2023 between Avoca Mining Pty Ltd (now named Karora (Higginsville) Pty Ltd) and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); Mineral Rights Agreement dated November 1, 2023 between Avoca Resources Pty Ltd and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); Mineral Rights Agreement dated November 1, 2023 between Corona Minerals Pty Ltd and Karora (Lithium) Pty Ltd; (now named Kali (Lithium) Pty Ltd) Mineral Rights Agreement dated November 1, 2023 between Polar Metals Pty Ltd and Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd); NSR Royalty Deed – Rights Minerals: Avoca Mining Mineral Rights Agreement between Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd) and Avoca Mining Pty Ltd (now named Karora (Higginsville) Pty Ltd) dated December 22, 2023; NSR Royalty Deed – Rights Minerals: Avoca Resources Mineral Rights Agreement between Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd) and Avoca Resources Pty Ltd dated December 22, 2023; NSR Royalty Deed – Rights Minerals: Corona Minerals Mineral Rights Agreement between Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd) and Corona Minerals Pty Ltd dated December 22, 2023; and NSR Royalty Deed – Rights Minerals: Polar Metals Mineral Rights Agreement between Karora (Lithium) Pty Ltd (now named Kali (Lithium) Pty Ltd) and Polar Metals Pty Ltd dated December 22, 2023.
- **Power Purchase Agreement – Beta Hunt Gold and Nickel Operations** between BHP Nickel West Pty Ltd and Karora (Beta Hunt) Pty Ltd dated January 24, 2024; and Guarantee and Indemnity between BHP Nickel West Pty Ltd, Karora Resources Pty Ltd and Karora (Beta Hunt) Pty Ltd dated February 5, 2024.

For personal use only

- **Power Purchase Agreement – Higginsville Gold Operations** between BHP Nickel West Pty Ltd and Karora (Higginsville) Pty Ltd dated January 10, 2024; and Guarantee and Indemnity between BHP Nickel West Pty Ltd, Karora Resources Pty Ltd and Karora (Higginsville) Pty Ltd dated January 10, 2024.

For personal use only

**EXHIBIT A TO Appendix M
UNAUDITED PRO FORMA FINANCIAL INFORMATION**

See attached.

For personal use only



PRO FORMA FINANCIAL INFORMATION

31 March 2024

(Unaudited)

For personal use only

TABLE OF CONTENTS

1.	BASIS OF PRESENTATION	4
2.	ADJUSTMENTS AND ASSUMPTIONS TO THE PRO-FORMA FINANCIAL INFORMATION	7
3.	EQUITY	10
4.	CASH AND CASH EQUIVALENTS.....	11
5.	TRADE AND OTHER PAYABLES	11
6.	SHARE INCENTIVE PLAN LIABILITY	11
7.	INVESTMENT IN ASSOCIATES.....	11
8.	INCOME TAX	11
9.	PRO-FORMA SHARE CAPITAL	11
10.	TRANSLATION OF KARORA.....	12

For personal use only

Westgold Resources Limited
Pro Forma Consolidated Statement of Financial Position (Unaudited)
As at 31 March 2024
Expressed in Australian dollars (AUD)

	Westgold	Karora	Notes	Pro-Forma Adjustments	Combined Company
CURRENT ASSETS					
Cash and cash equivalents	213,332,624	98,899,966	4	(116,514,589)	195,718,001
Trade and other receivables	7,008,843	7,262,943		-	14,271,786
Inventories	87,772,920	38,484,196		-	126,257,116
Prepayments	4,754,701	2,402,855		-	7,157,556
Financial assets at fair value through profit and loss	-	2,552,396		-	2,552,396
Other financial assets	1,649,443	-		-	1,649,443
Total current assets	314,518,531	149,602,356		(116,514,589)	347,606,298
NON-CURRENT ASSETS					
Property, plant and equipment	191,888,097	189,205,846		-	381,093,943
Mine properties and development	292,273,773	241,231,449	2	794,041,277	1,327,546,499
Exploration and evaluation expenditure	140,639,786	65,577,206		-	206,216,992
Right-of-use assets	3,667,368	37,509,913		-	41,177,281
Deferred tax asset	-	191,458		-	191,458
Investments in associate	-	8,122,805	7	(8,122,805)	-
Other non-current assets	-	211,850		-	211,850
Goodwill	-	-	2	238,212,383	238,212,383
Total non-current assets	628,469,024	542,050,527		1,024,130,855	2,194,650,406
TOTAL ASSETS	942,987,555	691,652,883		907,616,266	2,542,256,704
CURRENT LIABILITIES					
Trade and other payables	129,485,799	61,938,371	5	52,300,000	243,724,170
Provisions	16,955,433	2,936,445	6	(2,665,685)	17,226,193
Interest-bearing loans and borrowings	18,784,844	11,625,694		-	30,410,538
Derivative financial liabilities	-	5,963,521		-	5,963,521
Other current liabilities	-	993,543		-	993,543
Total current liabilities	165,226,076	83,457,573		49,634,315	298,317,965
NON-CURRENT LIABILITIES					
Provisions	65,968,083	42,261,244		-	108,229,327
Interest-bearing loans and borrowings	22,168,214	61,334,542	4	55,573,808	139,076,563
Derivative financial liabilities	-	33,012,348		-	33,012,348
Deferred tax liabilities	49,928,113	51,533,930	2	238,212,383	339,674,426
Total non-current liabilities	138,064,410	188,142,064		293,786,191	619,992,665
TOTAL LIABILITIES	303,290,486	271,599,637		343,420,506	918,310,629
NET ASSETS	639,697,069	420,053,246		564,195,760	1,623,946,075
EQUITY					
Issued capital	462,697,127	464,172,426	3	611,376,580	1,538,246,133
Contributed surplus	-	38,987,198	3	(38,987,198)	-
Accumulated losses	(23,744,004)	(80,999,207)	3	(10,300,793)	(115,044,004)
Share-based payments reserve	19,250,315	-		-	19,250,315
Other reserves	181,493,631	(2,107,171)	2	2,107,171	181,493,631
TOTAL EQUITY	639,697,069	420,053,246		564,195,760	1,623,946,075

For personal use only

Westgold Resources Limited
Pro Forma Consolidated Statement of Comprehensive Income
(Loss)(Unaudited)
For the nine month period ended 31 March 2024
Expressed in Australian dollars (AUD)

	Westgold	Karora Notes	Pro-Forma Adjustments	Combined Company
Continuing operations				
Revenue	511,151,062	366,974,509	-	878,125,571
Cost of sales	(436,542,188)	(223,261,876)	-	(659,804,064)
Gross profit	74,608,874	143,712,633	-	218,321,507
Other income	7,355,227	(530,543)	-	6,824,684
Gain on disposal of property, plant and equipment	1,191,327	-	-	1,191,327
Finance costs	(3,285,117)	(6,500,024)	-	(9,785,141)
Other expenses	(16,284,928)	(109,282,772)	-	(125,567,700)
Impairment of mine properties and property plant and equipment	-	(10,264,301)	-	(10,264,301)
Transaction expenses	-	-	4,5 (103,000,000)	(103,000,000)
Profit/(loss) before income tax from continuing operations	63,585,383	17,134,994	(103,000,000)	(22,279,623)
Income tax benefit/(expense)	(19,517,391)	(8,839,967)	4,5 11,700,000	(16,657,358)
Net Profit/(Loss) for the year	44,067,992	8,295,027	(91,300,000)	(38,936,981)
Other comprehensive profit for the year, net of tax				
Currency translation adjustments	-	(345,116)	-	(345,116)
Total comprehensive profit/(loss) for the year	44,067,992	8,640,142	(91,300,000)	(38,591,866)
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)				
Basic profit/(loss) per share	9.30	4.65		
Diluted profit/(loss) per share	9.16	4.56		

For personal use only

Westgold Resources Limited
Pro Forma Consolidated Statement of Comprehensive Income
(Loss)(Unaudited)
For the twelve months period ended 30 June 2023
Expressed in Australian dollars (AUD)

	Westgold	Karora	Notes	Pro-Forma Adjustments	Combined Company
Continuing operations					
Revenue	654,371,234	426,771,011		-	1,081,142,245
Cost of sales	(631,598,901)	(254,439,659)		-	(886,038,560)
Gross profit	22,772,333	172,331,352			195,103,685
Other income	11,004,323	529,990		-	10,999,888
Finance costs	(2,457,285)	(8,068,249)		-	(10,525,534)
Other expenses	(17,369,902)	(132,965,108)		-	(150,335,010)
Impairment of mine properties and property plant and equipment	-	-		-	-
Transaction expenses	-	-	4,5	(103,000,000)	(103,000,000)
Profit/(loss) before income tax from continuing operations	13,949,469	31,827,985		(103,000,000)	(57,222,546)
Income tax benefit/(expense)	(3,945,985)	(12,386,760)	4,5	11,700,000	(4,632,745)
Net Profit/(Loss) for the year	10,003,484	19,441,225		(91,300,000)	(61,855,291)
Other comprehensive profit for the year, net of tax					
Currency translation adjustments	-	1,394,412		-	1,394,412
Total comprehensive profit/(loss) for the year	10,003,484	18,046,814		(91,300,000)	(63,249,702)
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)					
Basic profit/(loss) per share	2.11	11.14			
Diluted profit/(loss) per share	2.11	10.87			

For personal use only

1. BASIS OF PRESENTATION

The accompanying unaudited pro-forma consolidated statement of financial position as at 31 March 2024 and the unaudited pro-forma consolidated statement of comprehensive income/(loss) for the year ended 30 June 2023 and the nine months ended 31 March 2024 ("Pro-Forma Financial Information") have been prepared by management for inclusion in Karora Resources Inc.'s ("**Karora**") Management Information Circular for the Annual General and Special Meeting of shareholders of Karora. This is in conjunction with Westgold Resources Limited's ("**Westgold**") acquisition of all of the issued and outstanding shares of Karora by way of a plan of arrangement under the Canada Business Corporations Act. These statements are for illustrative purposes only and give effect to the Arrangement (as defined below) and other transactions pursuant to the assumptions described in the Notes.

The Pro-Forma Financial Information of Westgold and Karora (upon completion of the Arrangement, the ("**Combined Company**") has been prepared in a manner consistent with Westgold's and Karora's respective accounting policies as applied and disclosed in Westgold's consolidated financial statements for the year ended 30 June 2023 and Karora's consolidated financial statements for the year ended 31 December 2023, and with the condensed interim financial statements of Westgold and Karora for the period ended 31 March 2024. Westgold's consolidated financial statements for the year ended 30 June 2023 are prepared in accordance with the Australian Accounting Standards ("AAS") as issued by the Australian Accounting Standards Board ("AASB") and Karora's consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Westgold has conducted an initial review of Karora's financial statements to identify any potential material differences in accounting policies and financial statement presentation between Westgold and Karora. This review aimed to determine any required alignment or reclassification to conform to Westgold's accounting policies and financial statement presentation. The Pro-Forma Financial Information assumes that all significant differences identified have been appropriately adjusted to align Karora's financial information with Westgold's accounting policies.

It is important to note that the assessment of differences in accounting policies is based on Westgold management's best estimates and interpretations of both AAS and IFRS, which remain subject to change as additional information becomes available. Consequently, the actual impact of aligning accounting policies may differ from the information provided in the Pro-Forma Financial Information.

The Pro-Forma Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements and comparative information as required by AAS or IFRS.

Business Combination of Westgold and Karora

On 8 April 2024, Westgold and Karora entered into a definitive arrangement agreement (the "**Arrangement Agreement**") providing for the acquisition of all of the issued and outstanding common shares in the capital of Karora (the "**Karora Shares**") pursuant to a plan of arrangement (the "**Plan of Arrangement**") under the Canada *Business Corporations Act* (the "**Arrangement**").

Subject to the terms and provisions of the Arrangement Agreement, Westgold will issue its ordinary shares (the "**Westgold Shares**") to Karora's shareholders on the basis of 2.54 Westgold Shares for each 1 (one) Karora Share and will pay Karora shareholders CAD\$0.608 / AUD\$0.680 in cash for each 1 (one) Karora Share. Additionally, shareholders of Karora will be issued 0.3 of a share in SpinCo (as defined below) for each 1 (one) Karora Share held. Based on the number of Karora Shares outstanding as at 31 March 2024, including Karora Shares to be issued to holders of Karora's restricted share units, performance share units and deferred share units immediately prior to the effective time of the Plan of Arrangement, the holders of Karora Shares will receive 471,732,020 Westgold Shares.

The issuance of Westgold Shares to all Karora shareholders constitutes Westgold obtaining control over the business of Karora (this excludes the 22.1% shareholding investment in Kali Metals (ASX:KM1), as well as approximately \$6M of cash to be retained which are assumed to form part of the newly formed spinout company in which former Karora shareholders will receive an interest in ("**SpinCo**")), and therefore Westgold has been identified as the acquirer for accounting purposes to the assessment of Westgold's management. Westgold shareholders will retain the largest portion of voting rights in the combined entity.

The unaudited pro-forma consolidated statement of financial position as at 31 March 2024 gives effect to the Arrangement as if the transaction had closed on 31 March 2024 and has been derived from:

- (i) the unaudited interim consolidated statement of financial position of Westgold as at 31 March 2024, and
- (ii) the unaudited interim consolidated statement of financial position of Karora as at 31 March 2024 translated from Canadian Dollars ("CAD") to Australian Dollars ("AUD) using the exchange rate between CAD:AUD at the 28 March 2024 (last weekday of the month) exchange rate. Refer to the translation table in Note 10 for further details.

The unaudited pro-forma consolidated statement of comprehensive income/(loss) for the year ended 30 June 2023 gives effect to the Arrangement as if the transaction had closed on 1 July 2022 and, has been derived from:

- (i) the audited consolidated statement of comprehensive income of Westgold for the year ended 30 June 2023, and
- (ii) the unaudited consolidated statement of comprehensive income/(loss) of Karora for the twelve months ended 30 June 2023, which has been prepared by:
 - A. subtracting Karora's unaudited interim consolidated statement of earnings (loss) and comprehensive earnings (loss) for the six months ended 30 June 2022 translated from CAD to AUD using the average exchange rate between CAD:AUD for the period of six months; from
 - B. Karora's audited consolidated statement of earnings (loss) and comprehensive earnings (loss) for the year ended 31 December 2022 translated from CAD to AUD using the average exchange rate between CAD:AUD for the period, and
 - C. adding Karora's unaudited interim consolidated statement of earnings (loss) and comprehensive earnings (loss) for the six months ended 30 June 2023 translated from CAD to AUD using the average exchange rate between CAD:AUD for the period.

The unaudited pro-forma consolidated statement of comprehensive income/(loss) for the nine months ended 31 March 2024 gives effect to the Arrangement as if the transaction had closed on 1 July 2023 and, has been derived from:

- (i) the unaudited interim consolidated statement of income/(loss) of Westgold for the nine months ended 31 March 2024; and
- (ii) the unaudited consolidated statement of income/(loss) of Karora for the nine-month period ended 31 March 2024, which has been prepared by:
 - A. subtracting Karora's unaudited interim consolidated statement of earnings (loss) and comprehensive earnings (loss) for the six months ended 30 June 2023 translated from CAD to AUD using the average exchange rate between CAD:AUD for the period of six months; from
 - B. Karora's audited consolidated statement of earnings (loss) and comprehensive earnings (loss) for the year ended 31 December 2023 translated from Canadian Dollars ("CAD") to Australian Dollars ("AUD) using the average exchange rate between CAD:AUD for the period of twelve months, and
 - C. adding Karora's unaudited interim consolidated statement of earnings (loss) and comprehensive earnings (loss) for the three months ended 31 March 2024 translated from CAD to AUD using the average exchange rate between CAD:AUD for the period of three months.

The unaudited Pro-Forma Financial Information should be read in conjunction with the financial statements and notes of Westgold and Karora described above. Certain significant estimates have been made by management in the preparation of this Pro-Forma Financial Information, in particular, the determination of the consideration given by Westgold for Karora. The financial statements of Karora were originally reported in CAD but have been converted to AUD for purposes of the Pro-Forma Financial Information.

The Pro-Forma Financial Information has been prepared for illustrative purposes only and may not be indicative of the financial position that would have occurred if the business combination had taken place on the date indicated or of the financial performance which may be realised in future periods. Unless otherwise indicated, all amounts presented in these financial statements are denominated in Australian dollars.

The Combined Company Pro Forma Consolidated Statement of Comprehensive Income (Loss)(Unaudited) has not been adjusted to reflect:

- (i) Any potential synergies, any costs of realising synergies and business improvements arising following implementation of the Arrangement.
- (ii) Any potential tax impact that may arise from the Implementation of the Arrangement and finalisation of the accounting for the acquisition (noting that the pro-forma adjustments include the tax benefit relating to the other transaction costs).
- (iii) Additional depreciation and amortisation charges that will arise in future periods post completion of the Arrangement relating to the fair value uplift allocated to mine properties, other depreciable assets and the finalisation of the purchase price accounting for the Arrangement.
- (iv) Changes to financing costs associated with changes in debt structure associated with or expected to occur as a result of the Arrangement.

- (v) Any adjustment for vesting of Karora share based payments that may / will occur on or prior to completion of the Arrangement.

The Combined Company Pro-Forma Consolidated Statement of Financial Position has not been adjusted to reflect:

- (i) Any potential synergies, any costs of realising synergies and business improvements arising following Implementation of the Arrangement.
- (ii) Finalisation of the purchase price accounting for the Arrangement, including identification and measurement of all assets acquired and liabilities assumed, and recognising and measuring goodwill or gain from a bargain purchase.
- (iii) Any changes to the debt structure of the Combined Company as a consequence of the change of control as a result of the Arrangement and any associated borrowing costs that has not already been announced as part of the acquisition.

2. ADJUSTMENTS AND ASSUMPTIONS TO THE PRO-FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated statement of financial position as at 31 March 2024 gives effect to the Arrangement as if the transaction had closed on 31 March 2024. The unaudited pro forma consolidated statements of comprehensive income for the year ended 30 June 2023 and for the nine months ended 31 March 2024 give effect to the Arrangement as if the transaction had closed on 1 July 2022 and 1 July 2023 respectively. The unaudited pro forma consolidated financial statements are based on the respective historical consolidated financial statements of Westgold and Karora and incorporate the following pro-forma assumptions and adjustments made by management based on currently available information.

Accounting for the acquisition of Karora

As part of the acquisition of Karora, Westgold will issue approximately 471,732,020 Westgold Shares (which includes Westgold Shares issued to Karora Share Purchase Options, restricted share unit ("RSU") holders, deferred share unit ("DSU") holders and performance share unit ("PSU") holders whose options, RSUs, DSUs and PSUs shall be conditionally vested and their respective surrender and cancellation or redemption dates conditionally accelerated and converted into Karora Shares in accordance with their terms, and in the case of options, certain conditional option exercise and termination agreements, immediately prior to the effective time of the Plan of Arrangement) in exchange for all of the issued and outstanding Karora Shares.

The fair value of the consideration paid by Westgold for Karora is based on the fair value of the Westgold Shares to be issued by Westgold, as well as a cash consideration of CAD\$0.608 / AUD\$0.680 in cash per Karora share held. For the purpose of developing the Pro-Forma Financial Information, the consideration paid by Westgold for Karora is based on the issue of 471,732,020 shares measured at the share price per the ASX announcement of the Arrangement Agreement on 8 April 2024. The identifiable assets and liabilities of Karora acquired and assumed by Westgold are measured at their carrying value as of 31 March 2024 for the purpose of the Pro-Forma Financial Information. These carrying values are used provisionally and solely for illustrative purposes. Westgold has not finalised the identification and valuation of Karora's assets and liabilities (including for tax purposes) as these can only be done on implementation of the Plan of Arrangement. For the purposes of the Pro-Forma Financial Information it is assumed that any excess of

the consideration over the value of the identifiable net assets acquired and liabilities assumed is attributable to Mine properties and development.

The Combined Company Pro-Forma Financial Information is presented for illustrative purposes only and is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. The actual financial position and results of operations of the Combined Company following completion of the Arrangement may differ significantly from the pro forma amounts reflected in the Pro-Forma Financial Information due to a variety of factors including, but not limited to:

- Finalisation of the acquisition accounting (in accordance with AASB 3 Business Combinations), including the identification and valuation of all assets acquired and liabilities assumed, and recognising and measuring goodwill or gain from a bargain purchase. Adjustments may include the fair valuation of all identifiable assets and liabilities of Karora as at the acquisition date. This includes assets such as mine properties and any intangible assets. Once the fair value of these identifiable assets and liabilities are determined, any residual amount of the purchase price that exceeds the net fair value of these assets and liabilities will be recognised as goodwill.

Changes in the fair valuation and purchase consideration could positively or negatively impact future reported earnings of the Combined Company.

- Finalisation of the calculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with AASB 112 Income Taxes.
- The timing and realisation of potential synergies arising from the merger of Westgold and Karora.

Notes - Pro-forma Adjustment Acquisition accounting

Pro-forma adjustments included in the unaudited pro-forma consolidated statements of comprehensive income for the year ended 30 June 2023 and for the nine months ended 31 March 2024 give effect to the Arrangement as if the transaction had closed on 1 July 2022 and 1 July 2023 respectively.

These adjustments include accounting for the acquisition of Karora and A\$103M of one-off transaction costs associated with the Arrangement, have been assumed to all be expensed. However, it should be noted once the actual acquisition accounting has been performed at the transaction date, some amounts may be allocated to equity if required. These one-off transaction costs include an estimate of \$64M for Landholder Duty (stamp duty payable), which is recognized in Trade and Other Payables, and \$39M in other transaction costs, which are recognized as an outflow of cash and cash equivalents.

It is important to note that the accrual for these transaction costs is reflected in both the unaudited pro-forma consolidated statement of financial position and the unaudited pro-forma consolidated statement of comprehensive income. In the unaudited pro-forma consolidated statements of comprehensive income, these costs are included to illustrate the impact on the financial results as if the transactions had occurred during the relevant periods. This approach assumes that the entities have always been combined, thereby integrating these transaction costs into the combined financial statements.

The unaudited pro-forma consolidated statement of financial position has been prepared on a provisional basis using the carrying values of Karora's assets and liabilities as of 31 March 2024. These carrying values are used solely for the purpose of the Pro-Forma Financial Information. It is important to note that these carrying values are not intended to represent the actual fair values and are applied in this context only for illustrative purposes.

Net Assets Acquired <i>Expressed in Australian dollars</i>	Karora \$AUD
Identifiable Net Assets	
Cash and cash equivalents	98,899,966
Trade and other receivables	7,262,943
Inventories	38,484,196
Prepayments	2,402,855
Financial assets at fair value through profit and loss	2,552,396
Total Current Assets	149,602,356
Financial assets at fair value through profit and loss	-
Mining interests, E&E and property plant and equipment	496,014,501
Right-of-use assets	37,509,913
Deferred tax asset	191,458
Investments in associate	8,122,805
Other non-current assets	211,850
Total Non-current Assets	542,050,527
Total Assets	691,652,883
Trade and other payables	61,938,371
Provisions	2,936,445
Interest-bearing loans and borrowings	11,625,694
Derivative financial liabilities	5,963,521
Other current liabilities	993,543
Total Current Liabilities	83,457,573
Provision	42,261,244
Interest-bearing loans and borrowings	61,334,542
Derivative financial liabilities	33,012,348
Deferred tax liabilities	51,533,930
Total Non-Current Liabilities	188,142,064
Total Liabilities	271,599,637
Identifiable Net Assets	420,053,246
Purchase Consideration	
Cash	127,088,397
Westgold Shares Issued (471,732,020 x \$2.28)	1,075,549,006
Total Purchase Consideration	1,202,637,402
Value attributable to Mine properties and development	782,584,157
SpinCo Adjustments	
Investments in associate	8,122,805
Cash and cash equivalents	6,000,000
Provisions – (Share incentive plan liabilities)	(2,665,685)
Total	11,447,120
Value attributable to Mine properties and development	794,041,277

For personal use only

In estimating the above purchase price accounting, the following assumptions have been made:

- The unaudited pro-forma consolidated statement of financial position is based on the historical carrying value of assets and liabilities recognised on the pre-merger Statements of Financial Position for Westgold and Karora at 31 March 2024, and no adjustments have been made for the fair value of assets and liabilities.
- For the purpose of preparing unaudited pro-forma consolidated statement of financial position, it has been assumed that any excess consideration will be an equivalent change to the fair value of mine properties following the acquisition.
- The remaining purchase price (\$794M) has been allocated to mine properties and development, along with the adjustments for the assets transferred to SpinCo and the provisions relating to the share incentive plan liability.
- Technical goodwill (refer below) has been recognised on the transaction of \$238M, in line with the adjustment to deferred tax liabilities.

Technical Goodwill

The goodwill recorded is solely attributable to the net deferred tax liability recognised on acquisition, in accordance with accounting standards (referred to as technical goodwill). Accounting for taxation at the acquisition date is within the scope of AASB 112 Income taxes. The general principle of AASB 112 is that deferred tax is recognised for all taxable temporary differences. In a business combination, there is no initial recognition exemption for deferred tax and the corresponding accounting entry for a deferred tax asset or liability forms part of the goodwill balance. A net deferred tax liability has been reflected of \$238M created primarily as a consequence of historical tax bases assumed in the merger being lower than the expected carrying value of the net assets acquired. The balance is offset by an amount booked as goodwill of \$238M for the purpose of the proforma. The goodwill recognised on acquisition is solely due to the net deferred tax liability recorded, referred to as technical goodwill.

3. EQUITY

- Share capital, reserves and accumulated losses of Karora are eliminated.
- Equity consideration of \$1,075M for new Westgold issued shares.
- Accumulated losses include the one-off transaction expenses associated with the Arrangement.

4. CASH AND CASH EQUIVALENTS

- Westgold drawdown of \$100M credit facility; including a \$44M(CAD\$39M) repayment of Karora’s revolving Macquarie debt facility.
- Cash consideration of \$127M.
- Approximately \$6M cash will be retained in the new SpinCo post transaction per ASX announcement on 8 April 2024.
- One-off transaction costs of \$39M associated with the Arrangement that are expected to be incurred and includes payments for change in control provisions in executive contracts, professional and legal fees on completion of the transaction. These costs are acquisition related costs and will be expensed as incurred. Costs have been tax effected at a corporate tax rate of 30%. No adjustments for Share Based Payments (SBP) accounting for Karora SBPs that are expected to accelerate/convert into shares.

5. TRADE AND OTHER PAYABLES

- Estimate of \$64M of Landholder Duty (stamp duty payable) which is a once-off transaction cost associated with the Arrangement.
- Tax effect of \$11.7M has been recorded in relation to the one-off transaction expense of \$39M associated with the Arrangement at the corporate tax rate of 30%.

6. SHARE INCENTIVE PLAN LIABILITY

- Karora Share incentive plan liabilities eliminated. Per the Arrangement Agreement, all unvested Karora DSUs, RSUs, PSUs and options will conditionally vest and be surrendered, cancelled or redeemed for Karora shares immediately prior to the effective time.

7. INVESTMENT IN ASSOCIATES

Eliminate Karora’s existing 22.1% interest in Kali Metals Limited which will from part of the SpinCo.

8. INCOME TAX

- Westgold’s corporate tax rate is 30%. Certain adjustments have been reflected in the pro-forma financial information to account for the tax effects of the business combination with Karora. Specifically, Deferred Tax Liabilities (“DTL”) have been measured and recorded only for the excess consideration allocated to Mine Development and Properties, Share Incentive Plan liabilities and the tax effect of the one-off transaction expense associated with the arrangement.

9. PRO-FORMA SHARE CAPITAL

The following table summarizes the impact of the acquisition of Karora on Westgold’s share capital:

Pro-Forma Share Capital	Ordinary Shares #	\$AUD
Shares issued on acquisition of Karora common shares	471,732,020	1,075,549,006
Westgold ordinary shares outstanding at 31 March 2024	473,622,730	462,697,127
Pro-Forma Balance at 31 March 2024	945,354,750	1,538,246,133

10. TRANSLATION OF KARORA

The financial statements of Karora are reported in CAD. Below is a schedule that translates the statement of financial position of Karora as at 31 March 2024 into AUD. The statement was translated from CAD to AUD using the 31 March 2024 exchange rate of 0.8827.

Historical Statement of Financial Position (Unaudited) as at 31 March, 2024	Expressed in CAD	Expressed in AUD
Current assets		
Cash and cash equivalents	87,299,000	98,899,966
Trade and other receivables	6,411,000	7,262,943
Inventories	33,970,000	38,484,196
Prepaid expenses	2,121,000	2,402,855
Marketable securities	2,253,000	2,552,396
Total current assets	132,054,000	149,602,356
Non-current assets		
Property, plant and equipment	167,012,000	189,205,846
Mine properties and development	212,935,000	241,231,449
Exploration and evaluation expenditure	57,885,000	65,577,206
Right-of-use assets	33,110,000	37,509,913
Deferred tax asset	169,000	191,458
Investment in associate	7,170,000	8,122,805
Other non-current assets	187,000	211,850
	478,468,000	542,050,527
Total assets	610,522,000	691,652,883
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	54,673,000	61,938,371
Share incentive plan liabilities	2,353,000	2,936,445
Lease obligations	10,262,000	11,625,694
Derivative financial liabilities	5,264,000	5,963,521
Asset retirement obligations	239,000	993,543
Other current liabilities	877,000	61,938,371
Total current liabilities	73,668,000	83,457,573
Non-current liabilities		
Debt	39,215,000	44,426,192
Lease obligations	14,925,000	16,908,349
Derivative financial liabilities	29,140,000	33,012,348
Asset retirement obligations	37,304,000	42,261,244
Deferred tax liability	45,489,000	51,533,930
Other non-current liabilities	-	-
Total non-current liabilities	166,073,000	188,142,064
Total liabilities	239,741,000	271,599,637

For personal use only

APPENDIX N
INFORMATION CONCERNING SPINCO
TABLE OF CONTENTS

NOTICE TO READER.....	N-3
Defined Terms	N-3
General.....	N-3
Financial Information	N-3
Currency References and Exchange Rate Information.....	N-3
CORPORATE STRUCTURE	N-3
Intercorporate Relationships.....	N-4
GENERAL DEVELOPMENT OF SPINCO'S BUSINESS.....	N-4
Business of SpinCo.....	N-4
Bankruptcy and Similar Procedures	N-5
Material Restructuring Transactions.....	N-5
Employees.....	N-5
Competitive Conditions	N-5
Foreign Operations	N-5
AVAILABLE FUNDS AND PRINCIPAL PURPOSES	N-5
Available Funds	N-5
Principal Purposes	N-6
BUSINESS OBJECTIVES AND MILESTONES	N-6
Investment Policy	N-6
SELECTED FINANCIAL INFORMATION	N-6
Financial Statements.....	N-6
DESCRIPTION OF CAPITAL STRUCTURE	N-7
SpinCo Shares.....	N-7
Listing of SpinCo Shares	N-7
Description of Convertible Securities.....	N-7
DIVIDENDS OR DISTRIBUTIONS	N-8
CONSOLIDATED CAPITALIZATION	N-8
OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES OF SPINCO	N-8
Stock Options and Awards	N-8
Summary of SpinCo Omnibus Share Incentive Plan.....	N-9
Description of SpinCo Awards.....	N-11
Warrants.....	N-16
PRIOR SALES.....	N-16
PRINCIPAL SECURITYHOLDERS.....	N-16
DIRECTORS AND EXECUTIVE OFFICERS.....	N-17
Name, Address, Occupation and Security Holdings	N-17
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	N-18
Corporate Cease Trade Orders.....	N-18

For personal use only

TABLE OF CONTENTS
(continued)

Bankruptcy.....	N-18
Penalties and Sanctions.....	N-18
Conflicts of Interest	N-19
EXECUTIVE COMPENSATION	N-19
Compensation Discussion and Analysis.....	N-19
SpinCo Omnibus Share Incentive Plan.....	N-19
Employment Agreements	N-19
DIRECTOR COMPENSATION.....	N-19
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	N-20
CORPORATE GOVERNANCE.....	N-20
Board of Directors	N-20
Other Directorships.....	N-20
Orientation and Continuing Education	N-20
Ethical Business Conduct	N-21
Board Committees	N-21
Nomination of Directors	N-21
Compensation	N-21
Assessments.....	N-22
AUDIT COMMITTEE.....	N-22
Audit Committee Charter	N-22
Audit Committee Members	N-22
Relevant Education and Experience	N-22
External Auditor Service Fees	N-23
RISK FACTORS	N-23
PROMOTERS.....	N-30
LEGAL PROCEEDINGS.....	N-31
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	N-31
AUDITORS, TRANSFER AGENTS AND REGISTRARS	N-31
INTERESTS OF EXPERTS.....	N-31
MATERIAL CONTRACTS	N-32
OTHER MATERIAL FACTS.....	N-32
FINANCIAL STATEMENTS	N-32
EXHIBIT A TO APPENDIX N INVESTMENT POLICY	N-33

For personal use only

NOTICE TO READER

Defined Terms

In this Appendix N, all capitalized terms used but not defined herein have the meanings ascribed to them in the "Glossary of Terms" at Appendix A of the Circular. Words importing the singular include the plural and vice versa, and words importing gender include all genders.

General

The following describes the proposed business of SpinCo following its separation from Karora pursuant to the Arrangement. The Arrangement provides Karora Shareholders with the opportunity to become SpinCo Shareholders and participate in the future prospects of SpinCo as a stand-alone company. Assuming the Arrangement becomes effective, Karora Shareholders will receive, as part of the Consideration, 0.3 of a SpinCo Share for each Karora Share held, such that at the Effective Time, the former Karora Shareholders will own 100% of the issued and outstanding SpinCo Shares. Unless otherwise noted, the disclosure in this Appendix N assumes that the Arrangement has been completed. Completion of the Arrangement and the spin-out of SpinCo from Karora involves certain risks and uncertainties. See "Risk Factors" in this Appendix N.

No securities regulatory authority has expressed an opinion about the Arrangement or the SpinCo Shares to be issued pursuant to the Arrangement and it is an offense to claim otherwise.

The following information is a summary of the proposed business and affairs of SpinCo and should be read together with the more detailed information including audited and unaudited financial data and statements regarding SpinCo contained elsewhere in the Circular.

Financial Information

Unless otherwise indicated, all annual financial information referred to in this Appendix N was prepared in accordance with IFRS.

Currency References and Exchange Rate Information

This Appendix N contains references to the Canadian dollar, the United States dollar and the Australian dollar. Unless otherwise indicated, all references to "\$" or "C\$" or "dollars" in this Appendix N are references to Canadian dollars. United States dollars are referred to as "USD" or "US\$". Australian dollars are referred to as "AUD" or "A\$". As at June 17, 2024, the rate of exchange between the United States dollar and the Canadian dollar as reported by the Bank of Canada was US\$1.00 = C\$1.3743 or C\$1.00 = US\$0.7276. As at June 17, 2024, the rate of exchange between the Australian dollar and the Canadian dollar as reported by the Bank of Canada was A\$1.00 = C\$0.9073 or C\$1.00 = A\$1.1022.

CORPORATE STRUCTURE

SpinCo was incorporated on April 5, 2024 under the name "1000853883 Ontario Inc." pursuant to the OBCA, as a wholly owned subsidiary of Karora. Effective June 14, 2024, SpinCo filed articles of amendment to change its name to "Culico Metals Inc."

Prior to the Effective Time, SpinCo will not be a reporting issuer and its common shares (the SpinCo Shares) will not be listed or quoted for trading on any stock exchange. SpinCo will apply to have the SpinCo Shares listed for trading on the TSXV. Listing is subject to SpinCo fulfilling all the requirements of the TSXV; however, there can be no assurances as to if, or when, such listing will occur. Upon completion of the Arrangement, it is anticipated that SpinCo will become a reporting issuer in all of the provinces of Canada. See in this Appendix N, "General Development of SpinCo's Business", "Description of Capital Structure – Listing of SpinCo Shares" and "Risk Factors".

SpinCo's head and registered office will be located at Suite 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1A4.

Intercorporate Relationships

On completion of the Arrangement, all of the issued and outstanding SpinCo Shares will be owned by former Karora Shareholders, and SpinCo will have no subsidiaries and will continue to be governed by the laws of Province of Ontario.

GENERAL DEVELOPMENT OF SPINCO'S BUSINESS

Business of SpinCo

At the Effective Time (or such other date as may be agreed to by Karora and SpinCo), and in accordance with the terms of the Arrangement and pursuant to the Plan of Arrangement, the SpinCo Contribution Agreement and the related agreements contemplated by the SpinCo Contribution Agreement and the Plan of Arrangement, Karora will transfer or will cause to be transferred, subject to receipt of all key regulatory and third party consents and approvals, the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in consideration for SpinCo Shares. Following the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo, Karora will distribute 100% of the issued and outstanding SpinCo Shares to Karora Shareholders pursuant to the Plan of Arrangement. The SpinCo Assets (or the economically equivalent value of such SpinCo Assets) that are expected to be contributed to SpinCo pursuant to the SpinCo Contribution Agreement and the related agreements contemplated thereby include the following:

1. shares of Kali representing approximately 22.1% of the outstanding shares of Kali (the "**Kali Equity Interest**");
2. a 1.0% lithium royalty on minerals produced by Kali in exercise of the mineral rights under the Kali Mineral Rights Agreements (the "**Kali Royalty**");
3. the right to receive, as a deferred consideration payment, a portion of future proceeds of any future Dumont project sale or other monetization event up to a maximum of US\$30 million (the "**Dumont Payment Right**"); and
4. C\$5 million in cash.

It is a condition precedent to the Arrangement that all key regulatory and third party consents and approvals are obtained in relation to the transfer of the Transferred Assets to SpinCo, including a waiver from the escrow requirements of the ASX to permit the transfer of the ordinary shares of Kali from Karora to SpinCo, or the approval of the ASX to allow Karora to transfer the Kali Equity Interest to SpinCo for nominal consideration upon the expiry of the applicable escrow period. In the event that Kali is unable to obtain such a waiver or approval from the ASX prior to the Effective Date, Karora, SpinCo and Westgold agree to work in good faith on an alternative transaction such that SpinCo receives an economically equivalent value for the Kali Equity Interest, including a cash payment from Karora to SpinCo in lieu of such Kali Equity Interest.

Upon completion of the Arrangement, SpinCo's primary business focus will be on investing in a broad range of natural resource sectors including base and precious metals and other commodities, and companies involved in exploration and development, and may also include financing other resource-related businesses and investing in public and private equity and quasi-equity securities, debt securities and term loans (including bridge and mezzanine debt) and royalty and streaming structures. Upon completion of the Arrangement, SpinCo will have interests in equities (namely, the Kali Equity Interest), royalties (namely, the Kali Royalty) and alternative investment instruments (namely, the Dumont Payment Right). SpinCo expects to finance future investments through internal cash resources, equity or debt financing or other means.

Upon completion of the Arrangement, the Karora Shareholders will together hold in aggregate 100% of the then issued SpinCo Shares, and SpinCo will retain certain directors and some members of Karora's current management team.

See in this Appendix N, "*Available Funds and Principal Purposes*", "*Description of Capital Structure – Listing of SpinCo Shares*", "*Consolidated Capitalization*" and "*Promoters*". In addition, see Appendix Q to the Circular for certain financial information concerning SpinCo.

For personal use only

See also "Part 12 – Securities Law Matters – Australian Securities Law Matters – Transfer of Kali Shares" and "Part 16 – Risk Factors Relating to the Arrangement" of this Circular.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against SpinCo, or any voluntary receivership, bankruptcy or similar proceeding by SpinCo, within the three most recently completed financial years or completed during, or proposed for, the current financial year.

Material Restructuring Transactions

Other than the Arrangement, there have been no material restructuring transactions of SpinCo within the three most recently completed financial years or completed during or proposed for the current financial year. See "Part 7 – The Arrangement" of the Circular.

Employees

Upon completion of the Arrangement, SpinCo expects to have approximately four employees. On an ongoing basis, from and after the Effective Date, the board of directors of SpinCo (the "**SpinCo Board**") expects to evaluate the required expertise and skills to execute the strategy described herein and will seek to attract and retain the individuals required to meet SpinCo's goals. SpinCo believes it has adequate personnel with the specialized skills required to carry out its business initially following the Effective Date and anticipates making ongoing efforts to match its workforce capabilities with its business strategy for its operations as it evolves.

Competitive Conditions

SpinCo will compete with other companies that operate in the stream and royalty market segment to acquire such interests. SpinCo will also compete with other natural resource focused companies for capital and human resources.

Foreign Operations

Upon the completion of the Arrangement, SpinCo expects to own royalties and other interests in properties or operations in Australia. SpinCo may in the future own equity and debt securities in companies and other entities, royalties and other interests in properties or operations in other countries. Changes in legislation, regulations or governments in such countries are beyond SpinCo's control and could adversely affect its business. SpinCo may also be exposed to political, economic or other risks and uncertainties, including a risk of war or civil unrest. In particular, SpinCo's business could be materially adversely affected by the conflict in the Middle East or between Russia and Ukraine, which could in turn have potential impacts on commodity prices and negative implications on the financial markets. The effect of these factors cannot be predicted with any accuracy by SpinCo or its management. See "*Risk Factors*" in this Appendix N.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

Since its incorporation, SpinCo's expenses and operational costs have been paid by its sole shareholder, Karora, and Karora will continue to be responsible for all of the expenses related to SpinCo's operations and in connection with the Arrangement, including all costs related to applying for listing of the SpinCo Shares, until the Effective Date. As a result of the Arrangement, and pursuant to the Plan of Arrangement, the SpinCo Contribution Agreement and the related agreements contemplated by the SpinCo Contribution Agreement and the Plan of Arrangement, Karora will transfer C\$5 million to SpinCo with which to finance its operations following the Effective Date.

See in this Appendix N, "*General Development of SpinCo's Business – Business of SpinCo*", and see in the Circular, "*Part 7 – The Arrangement – Arrangement Mechanics*".

Principal Purposes

The following table summarizes expenditures anticipated by SpinCo required to achieve its business objectives during the 12 months following completion of the Arrangement (see in this Appendix N, "*Business Objectives and Milestones*", which follows).

<u>Principal purpose</u>	<u>Amount</u>
Completion of additional investments	C\$2,500,000
General & administrative expenses for 12 months	C\$500,000
Unallocated ⁽¹⁾	C\$2,000,000
Total:	C\$5,000,000

Notes:

- (1) Includes a reserve in respect of potential tax or other liabilities in connection with the transfer of the Kali Equity Interest held by Karora to SpinCo pursuant to the SpinCo Reorganization.

SpinCo intends to spend the funds available to it as stated in the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for SpinCo to achieve its objectives or to pursue other exploration and development opportunities. See "*Risk Factors*" in this Appendix N.

BUSINESS OBJECTIVES AND MILESTONES

Assuming completion of the Arrangement, with the funds available to it as described above under the heading "*Available Funds and Principal Purposes*", SpinCo will have a solid foundation of assets to create value for shareholders through its portfolio of investments and its cash resources. SpinCo will also pursue the acquisition of additional investments in the resource sector through the purchase of royalties, revenue streams, and other direct and indirect investments.

Investment Policy

SpinCo's investment objectives, investment strategy and investment restrictions may be amended from time to time on the recommendation of management and approval of the SpinCo Board. They are further detailed in SpinCo's Investment Policy, a copy of which is attached as Exhibit "A" to this Appendix N.

SELECTED FINANCIAL INFORMATION

Financial Statements

Included in Appendix Q to the Circular are: (i) the audited financial statements of SpinCo for the period from incorporation, April 5, 2024 to May 31, 2024, including the notes thereto and the auditors' report thereon and the related MD&A; and (ii) the carve-out financial statements of the Spinout Investment Business of Karora, consisting of: (A) audited carve-out financial statements for the years ended December 31, 2023 and December 31, 2022, including the notes thereto and the auditors' report thereon and the related MD&A; and (B) unaudited condensed interim carve-out financial statements for the three months ended March 31, 2024, including the notes thereto and the related MD&A.

Also included in Appendix Q to the Circular are the pro forma financial statements of SpinCo, consisting of the unaudited pro forma statement of financial position as at March 31, 2024.

DESCRIPTION OF CAPITAL STRUCTURE

SpinCo Shares

SpinCo is authorized to issue an unlimited number of SpinCo Shares. The rights, privileges, conditions and restrictions attaching to the SpinCo Shares, as a class, are equal in all respects and include the following rights.

Dividends

The holders of the SpinCo Shares shall have the right to receive, if, as and when declared by the SpinCo Board, any dividend on such dates and for such amounts as the SpinCo Board may from time to time determine.

Participation in case of Dissolution or Liquidation

The holders of the SpinCo Shares shall have the right, upon the liquidation, dissolution or winding-up of SpinCo, to receive the remaining property of SpinCo.

Right to Vote

The holders of the SpinCo Shares shall have the right to one (1) vote at any meeting of the shareholders of SpinCo.

As at June 17, 2024, one (1) SpinCo Share was issued and outstanding. Assuming completion of the Arrangement, it is expected that approximately 56,101,724 SpinCo Shares will be issued and outstanding, all of which will be distributed to the Karora Shareholders. For further details with respect to the distribution of the SpinCo Shares on completion of the Arrangement, see in the Circular, "*Part 7 – The Arrangement – Arrangement Mechanics*".

Listing of SpinCo Shares

SpinCo has applied to the TSXV to have the SpinCo Shares listed on the TSXV effective upon the issuance of the SpinCo Shares pursuant to the Arrangement; however, it is not a condition to the completion of the Arrangement that the SpinCo Shares be listed. Listing will be subject to SpinCo fulfilling all the initial listing requirements of the TSXV. There can be no assurances as to if, or when, the SpinCo Shares will be listed or traded on the TSXV, or any other stock exchange.

As at the date of this Appendix N, there is no market through which the SpinCo Shares to be distributed pursuant to the Arrangement may be sold, and Karora Shareholders may not be able to resell the SpinCo Shares to be distributed to them pursuant to the Arrangement. This may affect the pricing of the SpinCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the SpinCo Shares, and the extent of issuer regulation.

See "*Risks Factors*" in this Appendix N.

Description of Convertible Securities

As of the date of the Circular, SpinCo does not have any equity compensation plans in place.

In connection with the Arrangement, Karora Shareholders will be asked at the Meeting to approve the SpinCo Omnibus Share Incentive Plan, on the basis that the current Karora Shareholders will collectively hold 100% of the SpinCo Shares upon completion of the Arrangement. The purpose of the SpinCo Omnibus Share Incentive Plan is to attract, retain and motivate service providers of SpinCo and other eligible participants in the SpinCo Omnibus Share Incentive Plan and align the interests of such persons with those of SpinCo shareholders through the incentive inherent in share ownership and by providing them an opportunity to participate in SpinCo's future performance through awards of options and other equity-based compensation. SpinCo believes the SpinCo Omnibus Share Incentive Plan will increase its ability to attract skilled individuals by providing them with the opportunity to benefit from the anticipated growth of SpinCo. The SpinCo Board has the authority to determine the directors, officers, employees and consultants

For personal use only

to whom awards under the SpinCo Omnibus Share Incentive Plan will be granted and the terms and conditions of such awards, subject to the terms and conditions set forth in the SpinCo Omnibus Share Incentive Plan.

Approval of the SpinCo Omnibus Share Incentive Plan by the Karora Shareholders is required by the TSXV in the event that the SpinCo Shares are listed on the TSXV. Accordingly, Karora Shareholders will be asked to approve the SpinCo Omnibus Share Incentive Plan at the Meeting by way of an ordinary resolution. The full text of the SpinCo Omnibus Share Incentive Plan Resolution is set out in Appendix C to the Circular, while the full text of the SpinCo Omnibus Share Incentive Plan is set out in Appendix O to the Circular.

Provided the SpinCo Omnibus Share Incentive Plan Resolution is approved at the Meeting and the Arrangement is completed, the SpinCo Omnibus Share Incentive Plan will become effective on the Effective Date. Completion of the Arrangement or approval of the Arrangement Resolution is not conditional upon the approval of the SpinCo Omnibus Share Incentive Plan Resolution.

For additional details on the SpinCo Omnibus Share Incentive Plan, see "*Options and Other Rights to Purchase Securities of SpinCo – SpinCo Omnibus Share Incentive Plan*", below.

DIVIDENDS OR DISTRIBUTIONS

SpinCo has not paid dividends since its incorporation. While there are no restrictions precluding SpinCo from paying dividends, it anticipates using all available cash resources toward its stated business objectives. At present, SpinCo's policy is to retain earnings, if any, to finance its business operations. The SpinCo Board will determine if and when dividends should be declared and paid in the future based on SpinCo's financial position at the relevant time. See "*Risks Factors*".

CONSOLIDATED CAPITALIZATION

The following table sets out the share capital of SpinCo as at the date of this Appendix N and assuming the completion of the Arrangement. The table should be read in conjunction with the unaudited pro forma condensed consolidated financial statements of SpinCo attached as Appendix Q to this Circular, as well as with the other disclosure contained in this Appendix N and in the Circular. See also in this Appendix N, "*Description of Capital Structure*" and "*Prior Sales*".

Capital	Authorized	Number of SpinCo Shares outstanding as of June 17, 2024 ⁽¹⁾	Approximate number of SpinCo Shares outstanding assuming completion of the Arrangement
SpinCo Shares	Unlimited	1	56,101,724 ⁽²⁾

Notes:

- (1) See "*Prior Sales*" in this Appendix N.
- (2) Based on the number of issued and outstanding Karora Shares and the number of Karora Options, Karora DSUs, Karora PSUs and Karora RSUs outstanding as of June 17, 2024, and assumes that all such Karora Options, Karora DSUs, Karora PSUs and Karora RSUs are exercised or settled and redeemed, as applicable, for Karora Shares prior to the Effective Time.

OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES OF SPINCO

Stock Options and Awards

As of the date of this Appendix N, there are no options to purchase SpinCo Shares ("**SpinCo Options**") or any other SpinCo Awards (as defined under the heading "*Summary of SpinCo Omnibus Share Incentive Plan – Types of Awards*", below) outstanding, and no SpinCo Awards will be granted in connection with the Arrangement.

For personal use only

Summary of SpinCo Omnibus Share Incentive Plan

The following is a description of the key terms of the SpinCo Omnibus Share Incentive Plan, which description is qualified in its entirety by reference to the full text of the SpinCo Omnibus Share Incentive Plan, a copy of which is attached as Appendix O to the Circular. All terms used in this section but not defined in Appendix A – *Glossary of Terms* to the Circular shall have the meaning ascribed thereto in the SpinCo Omnibus Share Incentive Plan.

Key Terms of the SpinCo Omnibus Share Incentive Plan

Purpose	To attract and retain key personnel who are necessary or essential to SpinCo's success, image, reputation or activities. It also allows SpinCo to reward key personnel for their performance and greater align their interests with those of SpinCo's shareholders.
Eligible Participants:	In respect of a grant of SpinCo Options, an Eligible Participant is any director, executive officer, employee or Consultant of SpinCo or any of its Subsidiaries. In respect of SpinCo Share Units, an Eligible Participant is any director, executive officer, employee or Consultant of SpinCo or any of its Subsidiaries other than Persons retained to provide Investor Relations Activities. In respect of a grant of SpinCo DSUs, an Eligible Participant is any Non-Employee Director other than Persons retained to provide Investor Relations Activities.
Award Types:	SpinCo Options, SpinCo Share Units and SpinCo DSUs.
Share Limit:	The total number of SpinCo Shares reserved and available for grant and issuance pursuant to Awards under the SpinCo Omnibus Share Incentive Plan (including such number of securities issued as Dividend Equivalents) shall be equal to a maximum of 10% of the Outstanding Issue from time to time, less the number of SpinCo Shares reserved for issuance pursuant to any other Share Compensation Arrangement, if any. The share reserve will also be impacted by the "Share Counting" definitions as set out below.
Share Counting:	Each SpinCo Option is counted as reserving one SpinCo Share under the SpinCo Omnibus Share Incentive Plan. Each SpinCo Share Unit is counted as reserving one SpinCo Share under the SpinCo Omnibus Share Incentive Plan. Each SpinCo DSU is counted as reserving one SpinCo Share under the SpinCo Omnibus Share Incentive Plan.
Share Recycling:	If (a) an outstanding Award (or portion thereof) expires or is forfeited, surrendered, cancelled or otherwise terminated for any reason without having been exercised or settled, or (b) an outstanding Award (or portion thereof) is exercised or settled, then in each such case the SpinCo Shares reserved for issuance in respect of such Award (or portion thereof) will again be available for issuance under the SpinCo Omnibus Share Incentive Plan.
Participation Limit:	The aggregate number of Awards granted to any one Person (and companies wholly owned by that Person) in any 12-month period shall not exceed 5% of the Outstanding Issue, calculated on the date an Award is granted to the Person, unless SpinCo has obtained the requisite disinterested shareholder approval.
Plan Approval:	The SpinCo Omnibus Share Incentive Plan is subject to approval by the TSXV and the SpinCo Shareholders and thereafter, the SpinCo Omnibus Share Incentive Plan must be approved by SpinCo Shareholders and the TSXV on an annual basis.

Further details on the SpinCo Omnibus Share Incentive Plan are provided below:

Purpose

The purpose of the SpinCo Omnibus Share Incentive Plan is:

For personal use only

- For personal use only
- (a) to increase the interest in SpinCo's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of SpinCo or a Subsidiary;
 - (b) to provide an incentive to such Eligible Participants to continue their services for SpinCo or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of SpinCo or a Subsidiary are necessary or essential to its success, image, reputation or activities;
 - (c) to reward Participants for their performance of services while working for SpinCo or a Subsidiary; and
 - (d) to provide a means through which SpinCo or a Subsidiary may attract and retain able Persons to enter its employment or service.

Types of Awards

The SpinCo Omnibus Share Incentive Plan provides for the grant of SpinCo Options, SpinCo Share Units, and SpinCo DSUs (each a "**SpinCo Award**" and, collectively, the "**SpinCo Awards**"). SpinCo Share Units may have vesting criteria attached to them that are either time-based or performance-based, or both. All SpinCo Awards under the SpinCo Omnibus Share Incentive Plan are granted by an Award Agreement.

Plan Administration

The SpinCo Omnibus Share Incentive Plan shall be administered and interpreted by the SpinCo Board or, if the SpinCo Board by resolution so decides, by a committee appointed by the SpinCo Board. Subject to the terms of the SpinCo Omnibus Share Incentive Plan, applicable law and rules of the rules of the TSXV, the SpinCo Board (or an appointed committee) will have the power and authority to: (i) adopt other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval; (ii) adopt, amend and rescind rules and regulations or vary the terms of the SpinCo Omnibus Share Incentive Plan or any SpinCo Award thereunder; (iii) address tax or other requirements of an applicable jurisdiction; and (iv) administer or operate the SpinCo Omnibus Share Incentive Plan and any Award Agreements in any manner deemed necessary or advisable.

Shares Available for SpinCo Awards

Subject to adjustments as provided for under the SpinCo Omnibus Share Incentive Plan, (i) the SpinCo Awards shall consist of authorized but unissued shares, provided that SpinCo may elect to settle SpinCo Share Units and SpinCo DSUs in SpinCo Shares acquired in the open market by a designated broker for the benefit of the participant; and (ii) the total number of SpinCo Shares reserved and available for grant and issuance pursuant to SpinCo Awards under the SpinCo Omnibus Share Incentive Plan (including such number of securities issued as Dividend Equivalents) shall be equal to a maximum of 10% of the Outstanding Issue from time to time, less the number of SpinCo Shares reserved for issuance pursuant to any other Share Compensation Arrangement, if any.

The SpinCo Omnibus Share Incentive Plan sets out the calculation of the number of SpinCo Shares reserved for issuance based on whether the SpinCo Shares are reserved for issuance pursuant to the grant of a SpinCo Option, SpinCo Share Unit or SpinCo DSU. The SpinCo Omnibus Share Incentive Plan is considered to be an "evergreen" plan, since SpinCo Shares covered by SpinCo Awards which have been exercised, settled or terminated, as applicable, will be available for subsequent grant under the SpinCo Omnibus Share Incentive Plan, and the number of SpinCo Awards that may be granted under the SpinCo Omnibus Share Incentive Plan increases if the total number of issued and outstanding SpinCo Shares increases.

Limits with respect to Insiders, Individual Grants and Annual Grant Limits

The SpinCo Omnibus Share Incentive Plan, together with all other established and outstanding Share Compensation Arrangements provides the following limitations on grants:

- For personal use only
- (a) Unless SpinCo has obtained the requisite disinterested shareholder approval, (i) the aggregate number of SpinCo Shares reserved for issuance under SpinCo Awards granted to Insiders (as a group) cannot exceed 10% of the Outstanding Issue; or (ii) the aggregate number of SpinCo Awards granted to Insiders (as a group) cannot exceed 10% of the Outstanding Issue within any 12-month period, calculated at the date a SpinCo Award is granted to any Insider.
 - (b) Unless SpinCo has obtained the requisite disinterested shareholder approval, the aggregate number of SpinCo Awards granted to any one Person (and companies wholly owned by that Person) in any 12-month period shall not exceed 5% of the Outstanding Issue, calculated on the date a SpinCo Award is granted to the Person.
 - (c) The aggregate number of SpinCo Awards granted to any one Consultant in any 12-month period shall not exceed 2% of the Outstanding Issue, calculated at the date a SpinCo Award is granted to the Consultant.
 - (d) The aggregate number of SpinCo Options granted to all Persons retained to provide Investor Relations Activities shall not exceed 2% of the Outstanding Issue in any 12-month period, calculated at the date a SpinCo Option is granted to any such Person.
 - (e) Upon authorization by the SpinCo Board of the exercise of a SpinCo Option on a "cashless exercise" basis or "net exercise" basis, the number of SpinCo Options exercised, surrendered, or converted, and not the number of SpinCo Shares actually issued by SpinCo, will be included in calculating any limits under the SpinCo Omnibus Share Incentive Plan.

Eligible Participants

In respect of a grant of SpinCo Options, an Eligible Participant is any director, executive officer, employee or Consultant of SpinCo or any of its Subsidiaries. In respect of SpinCo Share Units, an Eligible Participant is any director, executive officer, employee or Consultant of SpinCo or any of its Subsidiaries other than Persons retained to provide Investor Relations Activities. In respect of a grant of SpinCo DSUs, an Eligible Participant is any Non-Employee Director other than Persons retained to provide Investor Relations Activities.

Description of SpinCo Awards

SpinCo Options

A SpinCo Option is an option granted by SpinCo to a Participant to acquire a designated number of SpinCo Shares from treasury at the Option Price. SpinCo Options are exercisable over a period established by the SpinCo Board, which shall not be more than ten (10) years from the date of grant of the SpinCo Option; provided that if the date on which an Option Term expires falls within a Blackout Period, the expiration date of the Option will be the date that is ten (10) Business Days after the Blackout Period Expiry Date. The Option Price shall be determined by the SpinCo Board but shall not be set at less than Market Value of a Share as of the date of the grant (as defined in the SpinCo Omnibus Share Incentive Plan). All SpinCo Options shall vest in accordance with the terms of the SpinCo Option Agreement.

The grant of a SpinCo Option by the SpinCo Board shall be evidenced by a SpinCo Option Agreement. At the time of grant of a SpinCo Option, the SpinCo Board may establish, in its sole discretion, vesting conditions in respect of each SpinCo Option grant, which may include Performance Criteria. Notwithstanding the foregoing, SpinCo Options granted to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than twelve (12) months with no more than one-quarter (1/4) of the SpinCo Options vesting in any three-month period, unless TSXV acceptance is obtained. The SpinCo Omnibus Share Incentive Plan also permits the SpinCo Board, in its sole discretion, to permit a SpinCo Option to be exercised by (i) Participants by way of a "cashless exercise" basis; or (ii) Participants, who are not Persons retained to provide Investor Relations Activities, on a "net exercise" basis in accordance with the formula set out in the SpinCo Omnibus Share Incentive Plan, and in compliance with the policies of the TSXV.

SpinCo Share Units

A SpinCo Share Unit is a SpinCo Award that is a bonus for services rendered in the year of grant, that, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a SpinCo Share or, at the sole discretion of the SpinCo Board, a SpinCo Share, and subject to such restrictions and conditions on vesting as the SpinCo Board may determine at the time of grant, unless such SpinCo Share Unit expires prior to being settled. Restrictions and conditions on vesting may, without limitation, be based on the passage of time during continued employment or other service relationship (sometimes referred to as a "Restricted Share Unit" or "RSU"), the achievement of specified Performance Criteria (sometimes referred to as a "Performance Share Unit" or "PSU"), or both. The grant of a SpinCo Share Unit by the SpinCo Board shall be evidenced by a SpinCo Share Unit Agreement.

The SpinCo Board shall have sole discretion to determine, waive, or extend any Performance Criteria or other vesting conditions with respect to a SpinCo Share Unit as contained in a SpinCo Share Unit Agreement, provided that (i) no SpinCo Share Unit shall vest before the one-year anniversary from the date of grant; (ii) any extension will not extend beyond the Share Unit Outside Expiry Date (as defined in the SpinCo Omnibus Share Incentive Plan); and (iii) SpinCo shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions have been satisfied, waived, or deemed satisfied and the SpinCo Share Units have vested. Subject to the vesting and other conditions and provisions in the SpinCo Omnibus Share Incentive Plan and in the applicable SpinCo Share Unit Agreement, each SpinCo Share Unit awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a SpinCo Share or, at the discretion of the SpinCo Board, one SpinCo Share or any combination of cash and SpinCo Shares as the SpinCo Board in its sole discretion may determine. Alternatively, SpinCo (or the applicable SpinCo subsidiary) may, in its sole discretion, elect to settle all or any portion of the cash payment obligation by the delivery of SpinCo Shares issued from treasury or SpinCo Shares purchased on the open market through a Designated Broker. Subject to the terms and conditions in the SpinCo Omnibus Share Incentive Plan, vested SpinCo Share Units shall be redeemed by SpinCo (or the applicable SpinCo subsidiary) as described above on the date that is determined by SpinCo, in its sole discretion, but provided that such date shall not be later than (i) 30 days following the Participant's Termination Date; or (ii) the Share Unit Outside Expiry Date (or the U.S. Share Unit Outside Expiry Date for U.S. Taxpayers).

Dividend Equivalents may, as determined by the SpinCo Board in its sole discretion, be awarded in respect of unvested SpinCo Share Units in a Participant's account on the same basis as cash dividends declared and paid on SpinCo Shares as if the Participant was a SpinCo shareholder of record of SpinCo Shares on the relevant record date. In the event that the Participant's applicable SpinCo Share Units do not vest, all Dividend Equivalents, if any, associated with such SpinCo Share Units will be forfeited by the Participant.

SpinCo Deferred Share Units

A SpinCo DSU is a SpinCo Award for services rendered, or for future services to be rendered, and that, upon settlement, entitles the recipient Eligible Participant to receive cash or acquire SpinCo Shares, as determined by SpinCo in its sole discretion, unless such SpinCo DSU expires prior to being settled. All DSUs shall vest and be evidenced by a SpinCo DSU Agreement, provided that no SpinCo DSU shall vest before the one-year anniversary from the date of the grant.

Subject to the vesting and other conditions and provisions in the SpinCo Omnibus Share Incentive Plan and in any SpinCo DSU Agreement, each SpinCo DSU awarded to a Participant shall entitle the Participant to receive, on the DSU Redemption Date (as described in the SpinCo Omnibus Share Incentive Plan), a cash payment equal to the Market Value of a SpinCo Share, or, at the discretion of the SpinCo Board, one SpinCo Share or any combination of cash and SpinCo Shares as SpinCo, in its sole discretion, may determine. Alternatively, SpinCo may, in its sole discretion, elect to settle all or any portion of the cash payment obligation by the delivery of SpinCo Shares issued from treasury or SpinCo Shares purchased on the open market through a Designated Broker. Notwithstanding the foregoing, no SpinCo DSU shall be redeemable or settled beyond a date that is twelve (12) months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any SpinCo DSU not redeemed or settled beyond such date.

Dividend Equivalents may, as determined by the SpinCo Board in its sole discretion, be awarded in respect of unvested SpinCo DSUs in a Participant's account on the same basis as cash dividends declared and paid on SpinCo Shares as if

For personal use only

the Participant was a SpinCo shareholder of record of SpinCo Shares on the relevant record date. In the event that the Participant's applicable SpinCo DSUs do not vest, all Dividend Equivalents, if any, associated with such SpinCo DSUs will be forfeited by the Participant.

Effect of Termination on SpinCo Awards

Unless otherwise provided for in a SpinCo Option Agreement, SpinCo Share Unit Agreement or SpinCo DSU Agreement or determined by the SpinCo Board on an individual basis, SpinCo Awards are subject to the following conditions:

- (a) **Resignation:** Upon a Participant ceasing to be an Eligible Participant as a result of his or her resignation from SpinCo or a Subsidiary:
 - (i) each unvested SpinCo Option granted to such Participant shall terminate and become void immediately upon such resignation;
 - (ii) each vested SpinCo Option held by such Participant shall cease to be exercisable on the earlier of (A) ninety (90) days after the Participant's Termination Date (or such later date as the SpinCo Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (B) the expiry date of such SpinCo Option as set forth in the applicable Award Agreement, after which such vested SpinCo Option will expire; and
 - (iii) the Participant's participation in the SpinCo Omnibus Share Incentive Plan shall be terminated immediately, all SpinCo Share Units credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested SpinCo Share Units shall be forfeited and cancelled.
- (b) **Termination for Cause:** Upon a Participant ceasing to be an Eligible Participant for Cause:
 - (i) any vested or unvested SpinCo Options granted to such Participant shall terminate automatically and become void immediately; and
 - (ii) the Participant's participation in the SpinCo Omnibus Share Incentive Plan shall be terminated immediately, all SpinCo Share Units credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested SpinCo Share Units shall be forfeited and cancelled.
- (c) **Termination not for Cause:** Upon a Participant ceasing to be an Eligible Participant as a result of his or her employment or service relationship with SpinCo or a Subsidiary being terminated without Cause:
 - (i) each unvested SpinCo Option granted to such Participant shall terminate and become void immediately;
 - (ii) each vested SpinCo Option held by such Participant shall cease to be exercisable on the earlier of (A) ninety (90) days after the Participant's Termination Date (or such later date as the SpinCo Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (B) the expiry date of such SpinCo Option as set forth in the applicable Award Agreement, after which such vested SpinCo Option will expire; and
 - (iii) all unvested SpinCo Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled, provided that the SpinCo Board may accelerate or waive vesting conditions of unvested SpinCo Share Units, so long

For personal use only

as no SpinCo Share Units vest before the one-year anniversary of being granted, unless in connection with a Change of Control or the death of a Participant.

- (d) **Termination Due to Retirement or Permanent Disability:** Upon a Participant ceasing to be an Eligible Participant by reason of retirement or permanent disability:
 - (i) each unvested SpinCo Option granted to such Participant shall terminate and become void immediately;
 - (ii) each vested SpinCo Option held by such Participant shall cease to be exercisable on the earlier of (A) ninety (90) days from the date of retirement or the date on which the Participant ceases his or her employment or service relationship with SpinCo or any Subsidiary by reason of permanent disability (or such later date as the SpinCo Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (B) the expiry date of such SpinCo Option as set forth in the applicable Award Agreement, after which such vested SpinCo Option will expire; and
 - (iii) all unvested SpinCo Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled, provided that the SpinCo Board may accelerate or waive vesting conditions of unvested SpinCo Share Units, so long as no SpinCo Share Units vest before the one-year anniversary of being granted, unless in connection with a Change of Control or the death of a Participant.

- (e) **Termination Due to Death:** Upon a Participant ceasing to be an Eligible Participant by reason of death:
 - (i) each unvested SpinCo Option granted to such Participant shall terminate and become void immediately;
 - (ii) each vested SpinCo Option held by such Participant at the time of death may be exercised by the legal representative of the Participant, provided that any such vested SpinCo Option shall cease to be exercisable on the earlier of (A) the date that is twelve (12) months after the Participant's death or (B) the expiry date of such SpinCo Option as set forth in the applicable Award Agreement, after which such vested SpinCo Option will expire; and
 - (iii) all unvested SpinCo Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled, provided that the SpinCo Board may accelerate or waive vesting conditions of unvested SpinCo Share Units so long as no SpinCo Share Units vest before the one-year anniversary of being granted unless in connection with a Change of Control or the death of a Participant.

- (f) **Termination Due to Leave of Absence:** Upon a Participant electing a voluntary leave of absence of more than twelve (12) months, including maternity and paternity leaves:
 - (i) SpinCo Board may terminate the Participant's participation in the SpinCo Omnibus Share Incentive Plan, provided that all vested SpinCo Options shall remain outstanding and in effect until the earlier of (A) the date that is twelve (12) months after a Participant ceases to be an Eligible Participant, (B) the applicable exercise date, or (C) such earlier date determined by the SpinCo Board at its sole discretion; and
 - (ii) all unvested SpinCo Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled, provided that the SpinCo Board may accelerate or waive vesting conditions of unvested SpinCo Share Units so long

as no SpinCo Share Units vest before the one-year anniversary of being granted unless in connection with a Change of Control or the death of a Participant.

Change of Control

In the event of a Change of Control (as defined in the SpinCo Omnibus Share Incentive Plan) the SpinCo Board will have the power, in its sole discretion, to modify the terms of the SpinCo Omnibus Share Incentive Plan and/or the SpinCo Awards to assist the Participants to tender into a take-over bid or participate in any other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or any other transaction leading to a Change of Control, the SpinCo Board shall have the power, in its sole discretion, to (i) provide that any or all SpinCo Awards shall thereupon terminate, provided that any such outstanding SpinCo Awards that have vested shall remain exercisable until consummation of such Change of Control, and (ii) permit Participants to conditionally exercise their vested SpinCo Options, such conditional exercise to be conditional upon the take-up by such offeror of the SpinCo Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If the proposed Change of Control is not completed within the prescribed time, (i) the conditional exercise of Vested SpinCo Options shall be deemed to be null, void, and of no effect; (ii) SpinCo Shares issued pursuant to the Vested SpinCo Options shall be returned; and (iii) the original terms of the SpinCo Options will apply.

Assignment and Transferability

Each SpinCo Award granted under the SpinCo Omnibus Share Incentive Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of descent and distribution.

Amendment

The SpinCo Board may (i) subject to regulatory approval, discontinue the SpinCo Omnibus Share Incentive Plan at any time; and (ii) amend the SpinCo Omnibus Share Incentive Plan or any SpinCo Award at any time, without the consent of the Participants, provided that any such amendment shall not adversely alter or impair the rights of any Participant without the consent of such Participant (except as permitted by the provisions of the SpinCo Omnibus Share Incentive Plan), and is in compliance with applicable law, including, if required, the approval of the Exchange.

Unless such approval is required by law or the requirements of the Exchange, the SpinCo Board may make the following types of amendments to the SpinCo Omnibus Share Incentive Plan without seeking approval of SpinCo's shareholders:

- (a) any amendment, with the consent of the Participant, to the terms of a SpinCo Award previously granted to such Participant under the SpinCo Omnibus Share Incentive Plan (other than amendments to the exercise price and the expiry date of any SpinCo Award);
- (b) any amendment necessary to comply with applicable law (including taxation laws) or the requirements of the Exchange or any other regulatory body to which SpinCo is subject;
- (c) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the SpinCo Omnibus Share Incentive Plan, correct or supplement any provision of the SpinCo Omnibus Share Incentive Plan that is inconsistent with any other provision of the Incentive Plan, correct any grammatical or typographical errors or amend the definitions in the SpinCo Omnibus Share Incentive Plan; or
- (d) any amendment regarding the administration or implementation of the SpinCo Omnibus Share Incentive Plan.

SpinCo Shareholder approval, or if required by the TSXV, disinterested shareholder approval, is required to make the following amendments:

- (a) any amendment to the maximum percentage or number of SpinCo Shares that may be reserved for issuance pursuant to the exercise or settlement of SpinCo Awards granted under the SpinCo Omnibus Share Incentive Plan, including an increase to the fixed maximum percentage of SpinCo Shares or a change from a fixed maximum percentage of SpinCo Shares to a fixed maximum number of SpinCo Shares or vice versa, except in the event of an adjustment;
- (b) any amendment which reduces the exercise price of any SpinCo Award, as applicable, after such SpinCo Award has been granted or any cancellation of a SpinCo Award and the replacement of such SpinCo Award with a SpinCo Award with a lower exercise price or other entitlements, except in the event of an adjustment, provided that disinterested shareholder approval will be required for any amendment which reduces the exercise price of any SpinCo Option if the Participant is an Insider of SpinCo at the time of the proposed amendment;
- (c) any amendment which extends the expiry date of any SpinCo Award, or the Restriction Period of any SpinCo Share Unit beyond the original expiry date or Restriction Period, except in the event of an extension due to a Blackout Period, provided that disinterested shareholder approval will be required for any amendment which extends the expiry date of a SpinCo Option if the Participant is an Insider of SpinCo at the time of the proposed amendment;
- (d) any amendment to the definition of an Eligible Participant under the SpinCo Omnibus Share Incentive Plan;
- (e) any amendment to the participation limits; or
- (f) any amendment to Section 7.3 of the SpinCo Omnibus Share Incentive Plan.

TSXV Approval

TSXV Policy 4.4 requires that issuers receive TSXV approval of all security-based compensation plans at the time of implementation (and yearly for "rolling" security-based compensation plans). TSXV Policy 4.4 also requires shareholder approval of security-based compensation arrangements, with certain limited exceptions.

Pursuant to TSXV Policy 4.4, Karora Shareholders will be asked to vote for or against the SpinCo Omnibus Share Incentive Plan Resolution at the Meeting. A copy of the SpinCo Omnibus Share Incentive Plan Resolution is set out in Appendix C to the Circular, while a copy of the SpinCo Omnibus Share Incentive Plan is set out in Appendix O to the Circular.

Warrants

As of the date of this Appendix N, SpinCo does not have any warrants outstanding.

PRIOR SALES

During the 12 months prior to the date of this Appendix N, the following SpinCo Shares have been issued:

Date	Number of SpinCo Shares	Issue price per SpinCo Share
April 5, 2024	1	\$1.00

See also in this Appendix N, "Description of Capital Structure" and "Consolidated Capitalization".

PRINCIPAL SECURITYHOLDERS

As of the date of this Appendix N, Karora holds 100% of the issued SpinCo Shares.

Assuming completion of the Arrangement and to the knowledge of SpinCo's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the issued SpinCo Shares as of the Effective Time.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address, Occupation and Security Holdings

As at the date of this Appendix N, a majority of the directors of Karora are also the directors of SpinCo, having been elected as SpinCo's directors by Karora, SpinCo's sole shareholder. The directors of SpinCo will be elected annually at each annual general meeting of the SpinCo shareholders and will hold office until the next annual general meeting unless a director's office is earlier vacated in accordance with the articles and by-laws of SpinCo or until his or her successor is duly appointed or elected.

As at the date of this Appendix N, the directors and executive officers of SpinCo hold no SpinCo Shares. Assuming completion of the Arrangement and based on the number of Karora Shares and securities convertible into Karora Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by all of the directors and officers of SpinCo as a group as at the date of this Appendix N, all of the directors and officers are expected to, as a group, beneficially own, directly or indirectly, or exercise control or direction over 1,549,801 SpinCo Shares, representing approximately 2.76% of the then issued and outstanding SpinCo Shares. See "*Election of Directors*" in Appendix R to the Circular.

The names, province or state and country of residence, positions and offices, and principal occupations of each of the directors and executive officers of SpinCo are as follows:

Name, place of residence and position	Principal occupation for past five years ⁽²⁾	Director and/or Officer since
Paul Huet Nevada, U.S.A. <i>Chairman and Chief Executive Officer</i>	Chairman and Chief Executive Officer, Karora	April 5, 2024
Scott Hand ⁽¹⁾ Massachusetts, U.S.A. <i>Lead Director</i>	Corporate Director	April 5, 2024
Peter Goudie ⁽¹⁾ New South Wales, Australia <i>Director</i>	Corporate Director	April 5, 2024
Meri Verli ⁽¹⁾ Ontario, Canada <i>Director</i>	Corporate Director; Strategic Advisor, Business Improvement, Agnico Eagle Mines Limited; Senior Vice President, Business Operation Management Systems, Kirkland Lake Gold Inc. (until May 2022); Chief Financial Officer, McEwen Mining Inc. (until August 2020); Chief Financial Officer, PPX Mining Corp. (until July 2019)	April 5, 2024
Carl Gernandt Nevada, U.S.A. <i>Chief Financial Officer</i>	Executive Vice President and Chief Financial Officer, Sunshine Minting, Inc.; Corporate Controller, Karora (until November 2022)	April 5, 2024
Michael Doolin Nevada, U.S.A. <i>Senior Vice President, Technical Services</i>	Senior Vice President, Technical Services, Karora; Interim CEO and COO, Silver Elephant Mining Corp. (until July 2020)	April 5, 2024

Notes:

- (1) Member of the SpinCo Audit Committee. Ms. Verli is the Chair.
- (2) The information as to principal occupation has been furnished by each director and/or officer individually.

See "*Audit Committee*" in this Appendix N.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders

As at the date of this Appendix N, no director or executive officer of SpinCo is, or within the ten years prior to the date of this Appendix N has been, a director, chief executive officer or chief financial officer of any company (including SpinCo), that while that person was acting in that capacity:

- (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (a "**CT Order**"); or
- (b) was subject to a CT Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcy

To the knowledge of SpinCo, as at the date of this Appendix N no director, executive officer, or shareholder holding a sufficient number of securities of SpinCo to affect materially the control of SpinCo is, or within the ten years prior to the date of this Appendix N has:

- (a) been a director or executive officer of any company (including SpinCo) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties and Sanctions

To the knowledge of SpinCo, as at the date of this Appendix N no director, executive officer, or shareholder holding a sufficient number of securities of SpinCo to affect materially the control of SpinCo has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

For personal use only

Conflicts of Interest

Certain of the directors and officers of SpinCo will not be devoting all of their time to the affairs of SpinCo. Certain of the directors and officers of SpinCo are directors and officers of other companies, some of which are in the same business as SpinCo. See "*Risk Factors*".

The directors and officers of SpinCo are required by law to act in the best interests of SpinCo. They have the same obligations to the other companies in respect of which they act as directors and officers. Any decision made by any of such officers or directors involving SpinCo will be made in accordance with their duties and obligations under the applicable laws of Canada.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

SpinCo was incorporated on April 5, 2024 and, accordingly, has not yet completed a financial year and has not yet developed a compensation program. Upon completion of the Arrangement, it is anticipated that the SpinCo Board will perform all tasks relating to the development and assessment of the compensation paid to both the executive officers and directors of SpinCo and will not put in place a compensation committee of the SpinCo Board.

It is anticipated that all executive officers of SpinCo will receive cash compensation, SpinCo Option grants and grants of other SpinCo Awards in line with market practice for public issuers in the same industry and market and of the same size as SpinCo.

SpinCo Omnibus Share Incentive Plan

SpinCo intends to implement the SpinCo Omnibus Share Incentive Plan for the purpose of assisting SpinCo in attracting and retaining individuals with experience and ability, allowing certain directors, executive officers, employees and consultants of SpinCo to participate in the long-term success of SpinCo and promoting a greater alignment of interests between the persons designated under the SpinCo Omnibus Share Incentive Plan and those of SpinCo's shareholders. It is intended that, upon adoption, the SpinCo Omnibus Share Incentive Plan will be administered by the SpinCo Board.

Periodically, the SpinCo Board will determine, at its sole discretion, the size of grants in respect of any eligible participant, together with the applicable vesting conditions.

Employment Agreements

SpinCo was incorporated on April 5, 2024 and, accordingly, has not yet completed a financial year and has not yet formalized employment agreements. Upon completion of the Arrangement, it is anticipated that SpinCo will formalize the employment agreements of Messrs. Huet, Gernandt and Doolin. It is anticipated that the terms and conditions of such employment agreements will be comparable to market practice for public issuers in the same industry and market and of the same size as SpinCo.

DIRECTOR COMPENSATION

SpinCo was incorporated on April 5, 2024 and, accordingly, has not yet completed a financial year and has not yet developed a compensation program. Upon completion of the Arrangement, it is anticipated that the SpinCo Board will perform all tasks relating to the development and assessment of the compensation paid to both the executive officers and directors of SpinCo and will not put in place a compensation committee of the SpinCo Board. It is expected that the SpinCo Board will approve grants of SpinCo Options and SpinCo DSUs in such amounts and upon such terms as may be approved by the SpinCo Board from time to time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since its incorporation and as of the date of this Appendix N, no director or officer of SpinCo, or any associate or affiliate of such person, is or ever has been indebted to SpinCo with respect to the purchase of securities or otherwise; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by SpinCo.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the SpinCo Board, the members of which are elected by and are accountable to SpinCo's shareholders and takes into account the role of the individual members of management who are appointed by the SpinCo Board and who are charged with the day-to-day management of SpinCo. The SpinCo Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The following is a summary of SpinCo's approach to corporate governance.

Board of Directors

The SpinCo Board is responsible for approving long-term strategic plans and annual business plans and budgets recommended by management. The SpinCo Board's consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions. The SpinCo Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on SpinCo's business in the ordinary course, managing SpinCo's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The SpinCo Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**") sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with SpinCo. A material relationship is a relationship which could, in the view of the SpinCo Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with SpinCo. Applying the definition set out in NI 52-110, the following members of the SpinCo Board are independent: Peter Goudie, Scott Hand and Meri Verli. Paul Huet, being the Chairman and Chief Executive Officer of SpinCo, is not independent.

The independent directors will not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, where deemed necessary by the independent directors, the independent directors will hold in-camera sessions exclusive of non-independent directors and members of management, which process will facilitate open and candid discussion amongst the independent directors.

Other Directorships

Each of the directors of SpinCo is also a current director of Karora. The directors of SpinCo are not otherwise directors of any other issuers that are "reporting issuers" as that term is defined in and for the purposes of securities legislation.

Orientation and Continuing Education

The SpinCo Board recognizes the importance of ongoing director education and the need for each director to take responsibility for this education process. The SpinCo Board will adopt a program designed to enhance and facilitate the continuing education process, consisting of a combination of written materials, meetings, site visits and other briefings. Directors will be sent required readings on various publications on governance matters, risk management, compensation issues, capital market review, gold and precious metals market information on a weekly and monthly basis. Such reading requirement is an efficient way to remain current on trends in mining, governance, compensation and other matters relevant to SpinCo.

For personal use only

Ethical Business Conduct

It is anticipated that the SpinCo Board will adopt a Code of Business Ethics and Conduct (the "**SpinCo Code**"), applicable to all of its directors, officers and employees, including the Chairman and Chief Executive Officer, directors, the Chief Financial Officer and other person performing financial reporting functions. The SpinCo Code will communicate to directors, officers and employees standards for business conduct in the use of SpinCo company time, resources and assets, and will identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee will be provided with a copy of the SpinCo Code and will be asked to sign an acknowledgement that the standards and principles of the SpinCo Code will be maintained at all times on SpinCo business. The SpinCo Code is designed to deter wrongdoing and promote: (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of SpinCo Code violations; and (d) accountability for adherence to the SpinCo Code. Violations from standards established in the SpinCo Code, and specifically under internal accounting controls, will be reported to the Chief Financial Officer and can be reported anonymously. It is anticipated that the Chief Financial Officer will report to the SpinCo Audit Committee which will report to the SpinCo Board any reported violations at least quarterly, or more frequently depending on the specifics of the reported violation.

A copy of the SpinCo Code will be electronically filed with regulators and available for viewing under SpinCo's issuer profile on SEDAR+ at www.sedarplus.ca following completion of the Arrangement and following it becoming a reporting issuer and upon the successful listing of the SpinCo Shares.

Board Committees

The SpinCo Board has appointed the SpinCo Audit Committee. A description of the authority, responsibilities, duties and function of such committee can be found in this Appendix N under the headings "*Audit Committee*". It is anticipated that the SpinCo Board will adopt a SpinCo Audit Committee Charter, substantially in the form attached to the Circular as Appendix P.

Nomination of Directors

The SpinCo Board will annually review the competencies and skills the members of the SpinCo Board should possess as well as the skills, areas of expertise, background, independence and qualifications credentials of nominees for election or re-election as members of the SpinCo Board. If vacancies occur on the SpinCo Board, the SpinCo Board will consider nominees and their qualifications, the validity of the credentials underlying each nomination, and, for nominees who are already directors of SpinCo, an evaluation of their effectiveness and performance as members of the SpinCo Board, including their attendance at SpinCo Board and committee meetings. The use of a skills matrix is also an additional tool that may be used in considering nominees to the SpinCo Board.

The SpinCo Board may maintain and update, as needed, a list of potential director candidates for planned and unforeseen vacancies through an evergreen list.

Compensation

The SpinCo Board is responsible for approving compensation objectives and the specific compensation programs for policies and practices of SpinCo, as well as monitoring and reviewing compensation programs for senior executives. The SpinCo Board will use discretion and judgment when determining compensation levels as they apply to a specific executive officer. Individual compensation may be based on individual experience and performance or other criteria deemed important by the SpinCo Board. In order to meet SpinCo's objectives, the SpinCo Board will be guided by:

- providing executives with an equity-based incentive plan, namely the SpinCo Omnibus Share Incentive Plan;
- aligning employee compensation with company corporate objectives; and
- attracting and retaining highly qualified individuals in key positions.

For more information, see "Executive Compensation" in this Appendix N.

Assessments

The SpinCo Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework.

AUDIT COMMITTEE

Audit Committee Charter

It is anticipated that the SpinCo Board will adopt a SpinCo Audit Committee Charter, substantially in the form attached to the Circular as Appendix P, mandating the role of the SpinCo Audit Committee in supporting the SpinCo Board in meeting its responsibilities to SpinCo Shareholders.

Audit Committee Members

The SpinCo Audit Committee is comprised of three members, all of whom are independent directors of SpinCo. Whenever reasonably feasible, a majority of the members of the SpinCo Audit Committee should be independent and shall have no direct or indirect material relationship with SpinCo. A majority of the SpinCo Audit Committee may be made of members that are not independent of SpinCo, provided that there is an exemption under applicable securities laws. The SpinCo Audit Committee is composed of three independent directors, namely: Meri Verli (Chair), Peter Goudie and Scott Hand.

Relevant Education and Experience

Name	Experience	Independent	Financially Literate
Meri Verli	Ms. Verli is an experienced senior finance executive with an extensive background in financial management and reporting, financial and operational recovery, mergers and acquisitions, risk management and strategy development. Ms. Verli has held several senior management roles in the gold mining sector, including most recently as Strategic Advisor, Business Improvements at Agnico Eagle Mines, Senior Vice President for Business Operation Management Systems and previously Senior Vice president Finance and Treasury at Kirkland Lake Gold, Chief Financial Officer of McEwen Mining Inc., and Vice President, Finance at Lake Shore Gold from 2007 to 2016. Ms. Verli is a Chartered Professional Accountant, holds a PhD in Economic Sciences, a Bachelor of Geology and Engineering and a Bachelor of Economics from the University of Tirana, Albania and a Diplome Des Etudes Superieure Specialise (equivalent Master's Degree) in Evaluation of Mineral Resources from CESEV – Ecole Des Etudes Superieure de Geology in Nancy, France.	Yes	Yes
Peter Goudie	Mr. Goudie is currently retired from full-time employment (and has been for the past five years). He was Executive Vice President (Marketing) of Inco Limited and then Vale Inco from January 1997 to February 2008. Mr. Goudie was also responsible for the strategy, negotiation, construction and operation of Inco's joint venture production projects in Asia. He was employed with Inco since 1970 in increasingly more senior accounting and financial roles in Australia, Indonesia, Singapore and Hong Kong, before becoming Managing Director (later President and Managing Director)	Yes	Yes

For personal use only

Name	Experience	Independent	Financially Literate
Scott Hand	<p>of Inco Pacific Ltd. in Hong Kong in 1988. He is an Australian CPA.</p> <p>Mr. Hand is the Lead Director of Karora. He served as the Executive Chairman of Karora from November 2009 until February 2019. He is also a founder and Executive Chairman of Kharrouba Copper Company Inc. (copper mining and processing in Morocco), Lead Director of Boyd Biomedical LLC (services and products to the medical and life science industries in the U.S.), and a member of the Board of Trustees of the Massachusetts Museum of Contemporary Art. He is a former director of Fronteer Gold Inc. (sold to Newmont Mining in 2011), Legend Gold Corp., Chinalco Mining Corporation International (copper mining in Peru) and Manulife Financial Corporation. Mr. Hand was the Chairman and Chief Executive Officer of Inco Limited from April 2002 until he retired from Inco in January 2007. Prior to that, Mr. Hand was President of Inco Limited and held positions in Strategic Planning, Business Development and Law. Mr. Hand received a Bachelor of Arts degree from Hamilton College in 1964, a Juris Doctorate degree from Cornell University in 1969 and an Honorary degree from Memorial University of Newfoundland and Labrador in 2005. He served in the United States Peace Corps in Ethiopia from 1964 to 1966.</p>	Yes	Yes

External Auditor Service Fees

Since SpinCo's incorporation on April 5, 2024, no auditor service fees have been billed to SpinCo.

The fees billed to SpinCo in respect of auditor services since its incorporation on April 5, 2024, by category, are as follows:

	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
April 5, 2024 – June 17, 2024	Nil	Nil	Nil	Nil

RISK FACTORS

An investment in SpinCo Shares, as well as SpinCo's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its development. Shareholders of SpinCo may lose their entire investment. The risks described below are not the only ones facing SpinCo. Additional risks not currently known to SpinCo, or that SpinCo currently deems immaterial, may also impair SpinCo's operations. If any of the following risks actually occur, SpinCo's business, financial condition and operating results could be adversely affected.

Karora Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in SpinCo. In evaluating SpinCo and its business and whether to vote in favour of the Arrangement, Karora Shareholders should carefully consider, in addition to the other information contained in the Circular and this Appendix N, the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "Part 16 – Risks Factors – Risk Factors Relating to the Arrangement"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in SpinCo or in connection with SpinCo's business and operations.

Investment in SpinCo Shares is inherently risky and there is no assurance of listing on a stock exchange

The SpinCo Shares are not currently listed on any stock exchange. Although an application has been made to the TSXV for listing of the SpinCo Shares on the TSXV, there is no assurance when, or if, SpinCo Shares will be listed on the TSXV or on any other stock exchange. Until the SpinCo Shares are listed on a stock exchange, shareholders of SpinCo may not be able to sell their SpinCo Shares. If a listing is obtained, there can be no assurance regarding the market price of the SpinCo Shares following the Arrangement.

Following the Arrangement, SpinCo will not be able to rely on the capital resources of Karora and may not be able to implement successfully the changes necessary to operate independently, which could materially affect its cash flows and results of operations.

Following the Arrangement, the separation of SpinCo from the other business of Karora may materially affect SpinCo. It is therefore difficult to evaluate SpinCo's business and future prospects. The future success of SpinCo is dependent on the SpinCo Board and management's ability to implement its strategy. While the SpinCo Board is optimistic about SpinCo's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. SpinCo faces risks frequently encountered by developing companies. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, while at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with SpinCo's growth could have a material adverse effect on SpinCo's business, financial condition and results of operations.

SpinCo may not be able to successfully implement the changes necessary to operate independently. SpinCo may incur additional costs relating to operating independently that could materially affect its cash flows and results of operations. SpinCo may require Karora or Westgold to provide SpinCo with certain services and facilities on a transitional basis. SpinCo may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own.

In addition, upon the Arrangement becoming effective, the operating history of Karora cannot be regarded as the operating history of SpinCo. The ability of SpinCo to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent on future performance. It will not be able to rely on the capital resources and cash flows of Karora. In addition, SpinCo will need to raise financing on a stand-alone basis without reference to Karora and may not be able to secure adequate debt or equity financing on desirable terms or not at all. Financing on a stand-alone basis may affect the interest rate charged on financings, as well as the amounts of indebtedness, types of financing structures, and debt markets that may be available to SpinCo following the Arrangement. SpinCo may not be able to raise the capital it requires on desirable terms following the Arrangement.

SpinCo has no history of operations, earnings or dividends

SpinCo has not yet commenced operations and therefore has no history of earnings or of a return on investment, and there is no assurance that certain of its property interests or other assets will generate earnings, operate profitably or provide a return on investment in the future. The likelihood of success of SpinCo must also be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

SpinCo has never paid a dividend and has no plans to pay dividends. The future dividend policy of SpinCo will be determined by the SpinCo Board.

Mining operations are speculative in nature

Following the completion of the Arrangement, SpinCo is expected to own equity, royalty and other interests in mining and mineral resource exploration and development operations. Mining operations involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. Major expenditures are required to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which

are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental protection.

SpinCo will have no control over mining operations in which it only holds a royalty interest

SpinCo will have few or no contractual rights relating to the operation or development of mines or mineral exploration properties in which it only holds a royalty or equity interest. SpinCo will not be entitled to any material compensation if these mining operations do not meet their forecasted production targets in any specified period or if the mines shut down or discontinue their operations on a temporary or permanent basis, or if the properties fail to achieve commercial production. Certain of these properties may not commence production within the time frames anticipated, if at all, and there can be no assurance that the production, if any, from such properties will ultimately meet forecasts or targets. At any time, any of the operators of the mines or their successors may decide to suspend or discontinue operations. SpinCo will be subject to the risks that the mines shut down on a temporary or permanent basis due to issues including, but not limited to, economic, lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation and other risks. These issues are common in the mining industry and can occur frequently.

Some of SpinCo's directors and officers have conflicts of interest as a result of their involvement with other natural resource companies

Some of the persons who are or will be SpinCo's directors and officers are directors or officers of other natural resource or mining-related companies and these associations may give rise to conflicts of interest from time to time. As a result of these conflicts of interest, SpinCo may miss the opportunity to participate in certain transactions, which may have a material adverse effect on SpinCo's financial position.

SpinCo may experience difficulty attracting and retaining qualified management to grow its business, which could have a material adverse effect on SpinCo's business and financial condition

SpinCo will be dependent on the services of key executives and other highly skilled personnel focused on advancing its corporate objectives as well as the identification of new opportunities for growth and funding. Due to SpinCo's relatively small size, the loss of these persons or its inability to attract and retain additional highly skilled employees required for its activities may have a material adverse effect on SpinCo's business and financial condition.

SpinCo will be dependent on the payment/delivery of royalties by the owners and operators of certain properties and any delay in or failure of such royalty payments will affect the revenues generated by the asset portfolio

Royalty and other interests in natural resource properties are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, SpinCo would be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. While any proceedings or actions are pending, or if any decision is determined adversely to SpinCo, that may have a material adverse effect on SpinCo's profitability, results of operations and financial condition.

In addition, SpinCo will be dependent to a large extent upon the financial viability and operational effectiveness of owners and operators of the relevant royalty properties. Payments and/or deliveries from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues. Payments and/or deliveries may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, the ability or willingness of smelters and refiners to process mine products, recovery by the operators of expenses incurred in the operation of the royalty properties, the establishment by the operators of reserves for such expenses or the insolvency of the operator. SpinCo's rights to payment and/or delivery under the royalties must, in most cases, be enforced by contract without the protection of a security interest over property that SpinCo could readily liquidate. This will inhibit SpinCo's ability to collect outstanding royalties upon a default. In the event of a bankruptcy of an operator or owner, SpinCo may have a limited prospect for full recovery of revenue. Failure to receive any payments and/or deliveries from the owners and operators of the relevant properties may result in a material and adverse effect on SpinCo's profitability, results of operation and financial condition.

SpinCo may acquire royalty or equity interests in respect of properties that are speculative and there can be no guarantee that mineable deposits will be discovered or developed

Exploration for metals and minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on lands where SpinCo may hold royalties or equity interests.

If mineable deposits are discovered, substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on terms acceptable to the operator or at all. Although, in respect of these properties, SpinCo intends to only hold royalty and similar interests and not be responsible for these expenditures, the operator may not be in a financial position to obtain the necessary funds to advance the project.

SpinCo may have limited access to data regarding the operation of mines in which it only has a royalty or equity interest

As a royalty or equity holder, SpinCo neither will serve as the mine's operator nor will have any input into how the operations are conducted. As such, SpinCo will have varying access to data on the operations or to the actual properties themselves. This could affect its ability to assess the value of the royalty or equity interest or enhance the performance of such interest. It is difficult or impossible for SpinCo to ensure that the properties are operated in its best interest. SpinCo's royalty payments may be calculated by the royalty payors in a manner different from SpinCo's projections. SpinCo will, however, have rights of audit with respect to such royalty interests.

SpinCo may not be able to make certain disclosures regarding operations

Some royalties or streams may be subject to confidentiality arrangements which govern the disclosure of information regarding the applicable interest and, as such, SpinCo may not be in a position to publicly disclose non-public information with respect to certain royalties or streams. The limited access to data and disclosure regarding the operations of the properties in which SpinCo has an interest may restrict the ability of SpinCo to enhance its performance which may result in a material and adverse effect on the profitability of SpinCo, results of operations for SpinCo and financial condition. There can be no assurance that SpinCo will be successful in obtaining these rights when negotiating the acquisition of royalties or streams.

SpinCo will face competition for royalty interest acquisitions and the mining industry is competitive in all of its stages

Many companies are engaged in the search for and the acquisition of mineral interests, and there is a limited supply of desirable mineral interests. The mineral exploration business is competitive in all phases. Many companies are engaged in the acquisition of mining interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. SpinCo may be at a competitive disadvantage in acquiring interests in these natural resource properties, whether by way of royalty, stream or other form of investment, as many competitors have greater financial resources and technical staff. There can be no assurance that SpinCo will be able to compete successfully against other companies in acquiring new natural resource properties and royalty interests. In addition, SpinCo may be unable to acquire royalties or similar interests at acceptable valuations and on terms it considers to be acceptable. SpinCo's inability to acquire additional royalty interests and other investments in mineral properties may result in a material and adverse effect on SpinCo's profitability, results of operation and financial condition.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of SpinCo may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of

For personal use only

minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in SpinCo not receiving any future royalty payments.

Royalty acquisitions contemplated by SpinCo may require third party approvals

SpinCo may intend to enter into agreements to acquire royalty interests that require the consent or approval of third parties in order to complete the contemplated acquisition. There can be no assurance that such third parties, which may include shareholders of the entity disposing of the royalty interests, regulatory bodies or entities with an interest in the applicable property or others, will provide the required approval or consent in a timely manner, or at all. Failure to complete royalty acquisitions may result in a material adverse effect on SpinCo's profitability, results of operation and financial condition.

SpinCo's royalty and equity interests will be affected by fluctuations in commodity prices that underlie such interests

The price of the SpinCo Shares may be significantly affected by declines in commodity prices. Any revenue derived by SpinCo from its asset portfolio will be significantly affected by changes in the market price of commodities that underlie the royalty, stream or other investments or interests of SpinCo. SpinCo's revenue is particularly sensitive to changes in the price of lithium. Any future cash flow derived from SpinCo's asset portfolio is dependent on the future price of lithium. The price of lithium and other commodities fluctuates daily and are affected by factors beyond the control of SpinCo, including levels of supply and demand, industrial development, inflation and interest rates, the U.S. dollar's strength and geo-political events. External economic factors that affect commodity prices can be influenced by changes in international investment patterns, monetary systems and political developments.

The Chinese market is a significant source of global demand for commodities. A sustained slowdown in China's growth or demand, or a significant slowdown in other markets, in either case, that is not offset by reduced supply or increased demand from other regions could have an adverse effect on the price and/or demand for the products in respect of which SpinCo will have an interest.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in revenue and may cause a suspension or termination of production by relevant operators, which would result in a complete cessation of revenue from applicable working interests. Even if SpinCo works to ensure a diversification of commodities that underlie its interests, the commodity market trends are cyclical in nature and a general downturn in commodity prices could result in a significant decrease in overall revenue.

The properties on which SpinCo may hold royalty or equity interests will be subject to exploration and mining risks

Royalties are non-operating interests in mining projects that provide the right to revenue or production from the project after deducting specified costs, if any. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of SpinCo's operations will be in part directly related to the cost and ultimate success of the properties in which SpinCo has a royalty interest, which may be affected by a number of factors beyond SpinCo's control.

Operating a producing mine involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which SpinCo has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected geological formations and other conditions such as formation pressures, fire, power outages, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. Operating companies which operate on properties on which SpinCo has an interest may become subject to liability for pollution, cave-ins or hazards against which they cannot insure or against which they may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of such operating companies, and in turn, may have a material adverse effect on the financial position of SpinCo.

For personal use only

In addition, labour disruptions are a hazard to mineral exploration, development and operation. There is always a risk that strikes or other types of conflict with unions or employees may occur at any one of the properties on which SpinCo may hold a royalty or other interest. Although it is uncertain whether labour disruptions will be used to advocate labour, political or social goals in the future, labour disruptions could have a material adverse effect on the results of operations of the mineral properties in which SpinCo may hold an interest.

Royalties are based on mine life and in some instances a drop in metal prices or a change in metallurgy may result in a project being shut down with a material, adverse effect on that company's financial position, and in turn, may have a material adverse effect on the financial position of SpinCo.

The properties on which SpinCo will hold royalty and equity interests will require permits and licenses

The properties on which SpinCo will hold royalty and equity interests will require licenses and permits from various governmental authorities. There can be no assurance that the operator of any given project will be able to obtain or maintain all necessary licenses and permits that may be required to carry out exploration, development and mining operations.

The registration of royalty interests may not protect SpinCo's interests

The right to record or register royalties in various registries or mining recorders offices may not necessarily provide any protection to the royalty holder. Accordingly, the royalty holder may be subject to risk from third parties.

The properties on which SpinCo will hold royalty interests may be the subject of litigation.

Potential litigation may arise on a property on which SpinCo will hold a royalty (for example litigation between joint venture partners or original property owners). As a royalty holder, SpinCo will not generally have any influence on the litigation nor will it generally have access to data.

Any acquisitions or joint ventures would be accompanied by risks

SpinCo may evaluate from time-to-time opportunities to acquire and joint venture mining assets and businesses. These acquisitions and joint ventures may be significant in size, may change the scale of SpinCo's business and may expose it to new geographic, political, operating, financial and geological risks. SpinCo's success in its acquisition and joint venture activities will depend on its ability to identify suitable acquisition and joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of SpinCo. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of SpinCo's ongoing business; the inability of management to maximize the financial and strategic position of SpinCo through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of SpinCo's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that SpinCo would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

Additional financing may result in dilution

SpinCo plans to make further investments in the mineral resource sector and will use its working capital to complete such investments. However, SpinCo will require additional funds to further such activities. To obtain such funds, SpinCo may sell additional securities including, but not limited to, the SpinCo Shares or some form of convertible security, the effect of which could result in a substantial dilution of the equity interests of SpinCo's shareholders.

There is no assurance that additional funding will be available to SpinCo for additional investment. There can be no assurance that SpinCo will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of SpinCo's business plans.

Factors beyond the control of SpinCo

The potential profitability of an interest in mineral properties is dependent upon many factors beyond SpinCo's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore (assuming that such mineral deposits are known to exist) may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance, heritage compliance, stakeholder engagement or other production inputs. Such costs will fluctuate in ways SpinCo cannot predict and are beyond SpinCo's control, and such fluctuations will impact on profitability of the properties in which SpinCo will hold an interest and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of SpinCo due to the effects they have may have on the assets in which SpinCo will have an interest.

There may be defects in title to property

There may be challenges to title to the mineral properties in which SpinCo will hold a royalty or equity interest. If there are title defects with respect to any properties, SpinCo might be required to compensate other persons or perhaps reduce its interest in the affected property. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing business operations.

Foreign countries and regulatory requirements

SpinCo will have investments in properties and projects located in foreign countries, namely Australia. The carrying values of these properties may be adversely affected by whatever political instability and legal and economic uncertainty might exist in such country. These risks may limit or disrupt the projects in which SpinCo has an interest, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation.

There can be no assurance that industries which are deemed of national or strategic importance in countries in which SpinCo will have an interest in assets, including mineral exploration, production and development, will not be nationalized. The risk exists that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on SpinCo. There can be no assurance that SpinCo's interests in its assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, SpinCo may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. SpinCo also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for SpinCo to accurately predict such developments or changes in laws or policy or to the extent to which any such developments or changes may have a material adverse effect on SpinCo's operations.

Fluctuation in market value of SpinCo Shares

If the SpinCo Shares are publicly traded, the market price of the SpinCo Shares can be affected by many variables not directly related to the corporate performance of SpinCo, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market

for the stock. The effect of these and other factors on the market price of SpinCo Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of SpinCo Shares.

SpinCo's pro forma financial statements and the carve-out financial statements of the Spinout Investment Business may not reflect what SpinCo's financial position, results of operations or cash flows will be in the future

SpinCo believes that management has made reasonable assumptions underlying SpinCo's pro forma financial statements. However, because SpinCo's pro forma financial statements are based on certain assumptions, SpinCo's pro forma financial statements may not reflect what SpinCo's financial position, results of operations or cash flows would have been had SpinCo operated as a stand-alone company during the historical periods presented or what SpinCo's financial position, results of operations or cash flows will be in the future.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized, and reported on a timely basis and is accumulated and communicated to a company's management, as appropriate, to allow timely decisions regarding required disclosure. No evaluation can provide complete assurance that SpinCo's internal control over financial reporting and disclosure controls and procedures will detect or uncover all failures of persons within SpinCo to disclose material information required to be reported. The effectiveness of SpinCo's control and procedures could also be limited by simple errors or faulty judgments. In addition, as SpinCo continues to expand, the challenges involved in implementing appropriate internal control over financial reporting and disclosure controls and procedures will increase and will require that SpinCo continue to improve its internal control over financial reporting and disclosure controls and procedures. Although SpinCo intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, SpinCo cannot be certain that it will be successful in complying with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators.

Shareholders of SpinCo may be subject to tax consequences under the Arrangement

Shareholders of SpinCo should be aware that the receipt of SpinCo Shares under the Arrangement may have tax consequences both in Canada and elsewhere. Shareholders should consult with an independent tax advisor. See "Part 18 – *Certain Canadian Federal Income Tax Considerations*" in the Circular.

SpinCo was incorporated under the OBCA and exists under the laws of the Province of Ontario, which contains certain laws that differ from the CBCA and the laws of Canada

Karora was incorporated under the CBCA and exists under the laws of Canada. SpinCo is incorporated under the OBCA and exists under the laws of Ontario. Holders of SpinCo Shares should be aware that the CBCA and OBCA may differ with respect to certain matters of importance to securityholders, including, but not limited to the following: alienation of property; amendments to charter documents and other fundamental changes; rights to demand repurchase of shares or right to dissent; oppression remedies; derivative actions; investigations; interim costs; places of meetings; directors; disclosure of interests; delegation by directors; requisition of meetings; shareholder proposals; and financial tests. Reference is made to the full text of both the CBCA and OBCA and the regulations thereunder for particulars of any such differences.

PROMOTERS

Karora does not consider that it is a promoter of SpinCo for the purposes of applicable securities legislation. As at the date of this Appendix N, Karora is the sole (100%) shareholder of SpinCo. Except as otherwise disclosed herein in connection with the Arrangement and the acquisition by SpinCo of the Transferred Assets (or the economically equivalent value of such Transferred Asset), no other assets have been acquired or are proposed to be acquired by SpinCo from Karora. See in this Appendix N, "General Development of SpinCo's Business" and "Prior Sales". See also in the Circular, "Part 7 – *The Arrangement – Background to the Arrangement*", "Part 7 – *The Arrangement – Reasons for the Arrangement*" and "Part 21 – *Information Concerning the Corporation*".

During the 10 years before the date of this Appendix N, Karora has not become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Karora has not been subject to any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority, has not entered into a settlement agreement with a provincial and territorial securities regulatory authority, and has not been imposed with any other penalties or sanctions by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS

Other than as disclosed in this Circular, there are no legal proceedings outstanding, threatened or pending, as of the date of this Appendix N, by or against SpinCo or which SpinCo is a party or to which any of the Transferred Assets is subject, nor to SpinCo's knowledge are any such legal proceedings contemplated, which could become material to the Karora Shareholders or a shareholder of SpinCo.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since SpinCo's incorporation, no director, executive officer, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding SpinCo Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect SpinCo other than Karora in connection with SpinCo's incorporation (see in this Appendix N, "*Corporate Structure*" and "*Promoters*"), the entering into of the Arrangement Agreement by Karora (see in the Circular, "*Part 7 – The Arrangement*"), and the transfer of the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo in connection with the Arrangement (see in this Appendix N, "*General Development of SpinCo's Business*"). See also in this Appendix N, "*Material Contracts*" below.

Certain directors and officers of Karora are also the directors and officers of SpinCo. See in the Circular, "*Part 7 – The Arrangement – Interests of Certain Persons in the Arrangement*" and "*Part 7 – The Arrangement – MI 61-101 Protection of Minority Security Holders in Special Transactions*".

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The financial statements of SpinCo included in this Circular were audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada, V6C 3S7.

Effective on the completion of the Arrangement, the auditors of SpinCo are expected to be BDO Canada LLP. BDO Canada LLP is independent of SpinCo within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

The registrar and transfer agent for the SpinCo Shares is expected to be Computershare Trust Company of Canada, which is located at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, where transfers of Karora's securities may be recorded.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, Chartered Professional Accountants, prepared an auditor's report to the shareholder of SpinCo on the balance sheet of SpinCo as of May 31, 2024 and for the period from incorporation, April 5, 2024 to May 31, 2024 dated June 14, 2024, and prepared an auditor's report to the Karora Board on the carve-out financial statements of the Spinout Investment Business as at and for the years ended December 31, 2023 and 2022 dated June 14, 2024. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to SpinCo within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Bennett Jones LLP advised on certain tax matters relating to the Arrangement. As of the date hereof, the partners and associates at Bennett Jones LLP beneficially own, directly or indirectly, less than 1% of the outstanding SpinCo Shares, and are expected to own less than 1% of the outstanding SpinCo Shares following the Effective Time.

None of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of SpinCo or of any associate or affiliate of SpinCo.

MATERIAL CONTRACTS

Since its incorporation, SpinCo has not entered into any material agreements other than the Arrangement Agreement; however, in connection with the Arrangement, it will enter into the SpinCo Contribution Agreement and the related agreements contemplated by the Plan of Arrangement, pursuant to which Karora will transfer the Transferred Assets (or the economically equivalent value of such Transferred Assets) to SpinCo and pursuant to which SpinCo will assume the Transferee Liabilities (see in the Circular, "*Part 7 – The Arrangement – Arrangement Mechanics*").

Copies of the Arrangement Agreement, the SpinCo Contribution Agreement and the related agreements contemplated by the Plan of Arrangement may be inspected by Karora Shareholders at the registered office of SpinCo at Suite 3400 One First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1A4, or at Karora's head office at during normal business hours prior to the Meeting, or at the Meeting.

Copies of the above material contracts will be available following the completion of the Arrangement under SpinCo's issuer profile on SEDAR+ at www.sedarplus.ca.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

FINANCIAL STATEMENTS

See Appendix Q, which includes: (i) the audited financial statements of SpinCo for the period from incorporation, April 5, 2024 to May 31, 2024, including the notes thereto and the auditors' report thereon and the related MD&A; and (ii) the carve-out financial statements of the Spinout Investment Business of Karora, consisting of (A) audited carve-out financial statements for the years ended December 31, 2023 and December 31, 2022, including the notes thereto and the auditors' report thereon and the related MD&A, and (B) unaudited interim condensed carve-out financial statements as at and for the three months ended March 31, 2024, including the notes thereto and the related MD&A; and (iii) the pro forma financial statements of SpinCo, consisting of the unaudited pro forma statement of financial position as at March 31, 2024.

For personal use only

EXHIBIT A TO APPENDIX N INVESTMENT POLICY

Investment Objectives

The investment objectives of Culico Metals Inc. (the "**Company**") are to seek:

- a) return on investment opportunities in a broad range of natural resource sectors including base and precious metals and other commodities, and companies involved in exploration and development, and may also include financing other resource-related businesses and investing in public and private equity and quasi-equity securities and debt securities and term loans (including bridge and mezzanine debt) and royalty and streaming structures;
- b) provide exposure to natural resource sectors including base and precious metals and other commodities, and to precious and base metals and other commodities price movement; and
- c) to preserve capital and limit downside risk by accumulating a diversified portfolio of equity and quasi-equity securities and debt securities, term loans (including bridge and mezzanine debt), royalties, streams and other investments while targeting a reasonable rate of return.

The Company may declare dividends to shareholders from time to time, as approved by the board of directors and in accordance with corporate law. It also anticipates reinvesting any profits of its investments to further the growth and development of the Company's investment portfolio.

Investment Strategy

In order to achieve its investment objective and in light of the numerous investment opportunities across the entire natural resources sector, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the Company's proposed investment strategy set out below.

Investment Sector: Natural resources industry. Focused on precious and base metals and other commodities.

Investment Types: Royalties, streams, equity, debt, net profit interests, derivatives and any other investment structures or instruments that could be acquired or created to give the Company exposure to precious metals.

Commodities: Base and precious metals and other commodities.

Jurisdictions: All countries are permissible depending on the risk assessment of the Board and Management (each as defined below) at the time the investment is made and the risk-reward relationship associated with each investment in a particular jurisdiction.

Investment Size: Unlimited, which may result in the Company holding a control position in a target corporation or possibly requiring future equity or debt financings to raise money for specific investments.

Investment Timeline: Not limited.

Investment Targets: Investments in public or private corporations, partnership or other legal entities which own, or propose to own, natural resource assets or derivatives of natural resource assets in the form of equity and quasi-equity securities and debt securities, term loans (including bridge and mezzanine debt). Interests in mining operations, development projects, and exploration projects facilities. Distressed situations where a change of management or other restructuring is required to realize the value of the asset.

Investment Review: Will seek to maintain the ability to actively review and revisit all of investments on an ongoing basis.

For personal use only

Liquidity: Will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.

Composition of Investment Portfolio

The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Procedures and Implementation

The senior officers and other management of the Company ("**Management**") and the Company's Board of Directors (the "**Board**") and the respective members thereof shall work jointly and severally to uncover appropriate investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

Prospective investments will be channeled through Management. Management shall make an assessment of whether the proposal fits with the investment and corporate strategy of the Company in accordance with the investment objectives and strategy set out in this policy and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants and advisors.

The Company will obtain detailed knowledge of the relevant business the investment shall be made in, as well as the investee corporation, their management team, quality of asset(s) and risks associated as applicable.

Once a decision has been reached to invest in a particular situation, a summary of the rationale behind the investment decision shall be prepared by Management and submitted to the Board. This summary should include, among other things, the estimated return on investment, timeline of investment, guidelines against which future progress can be measured, and risks associated with the investment. The summary should also disclose any finder's or agent's fees payable.

All investments shall be submitted to the Board for final approval. Management will select all investments for submission to the Board and monitor the Company's investment portfolio on an ongoing basis and will be subject to the direction of the Board. Management will present an overview of the state of the investment portfolio to the Board on a quarterly basis.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Company. Negotiations may be ongoing before and after the performance of due diligence. The representative(s) of the Company involved in these negotiations will be determined in each case by the circumstances of the investment opportunity.

Compliance

All investments shall be made in compliance with applicable laws in relevant jurisdictions and shall be made in accordance with and governed by the rules and policies of applicable regulatory authorities.

From time to time, the Board may authorize such additional investments outside of the guidelines described herein as it sees fit for the benefit of the Company and its shareholders.

Management Participation

The Company may, from time to time, seek a more active role in the corporations in which it invests, and provide such corporations with financial and personnel resources, as well as strategic counsel. The Company may also ask for

For personal use only

board representation in cases where it makes a significant investment in the business of an investee corporation. The Company's nominee(s) shall be determined by the Board as appropriate in such circumstances.

Conflicts of Interest

The Company has no restrictions with respect to investing in corporations in which a Board member may already have an interest. Any potential investments where there is a material conflict of interest involving an employee, officer or director of the Company may only proceed after receiving approval from the disinterested directors of the Board. The Company is also subject to the "related party" transaction policies of the TSX Venture Exchange, which mandates disinterested shareholder approval and valuations to certain transactions.

Prior to making any investment commitment, the Company shall adopt procedures for checking for potential conflicts of interest, which shall include but not be limited to a circulation of the names of a potential target corporation and its affiliates to the Board and Management.

All members of the Board shall be obligated to disclose any interest in the potential investment. In the event a conflict is detected, the target corporation shall be notified of the potential conflict in writing. The members of the Board and its advisors shall be responsible for detecting a potential conflict.

Where a conflict is determined to exist within Management or the Board, the individual having a conflicting interest shall provide full disclosure of their interest in the potential investment and, if such person is a Board member, shall abstain from voting on the investment decision but may participate in discussions regarding the potential investment opportunity.

Amendment

The Company's investment objectives, strategy and restrictions and other provisions of this Investment Policy may be amended from time to time on the recommendation of Management and approval by the Board. Unless required by the TSX Venture Exchange, approval by the Company's shareholders of any such amendments is not required.

For personal use only

APPENDIX O

SPINCO OMNIBUS SHARE INCENTIVE PLAN

See attached.

For personal use only

For personal use only

CULICO METALS INC.

OMNIBUS EQUITY INCENTIVE PLAN

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION..... 1

1.1 Definitions 1

1.2 Interpretation.....6

ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS..... 6

2.1 Purpose of the Plan6

2.2 Implementation and Administration of the Plan7

2.3 Participation in this Plan8

2.4 Shares Subject to the Plan.....8

2.5 Participation Limits.....9

2.6 Granting of Awards 10

ARTICLE 3 OPTIONS 10

3.1 Nature of Options..... 10

3.2 Option Awards..... 10

3.3 Option Price 11

3.4 Option Term..... 11

3.5 Exercise of Options..... 11

3.6 Method of Exercise and Payment of Purchase Price 11

3.7 Option Agreements 12

ARTICLE 4 RESTRICTED AND PERFORMANCE SHARE UNITS 12

4.1 Nature of Share Units 12

4.2 Share Unit Awards..... 13

4.3 Share Unit Agreements 14

4.4 Vesting of Share Units 14

4.5 Redemption / Settlement of Share Units..... 14

4.6 Determination of Amounts 16

4.7 Award of Dividend Equivalents..... 16

ARTICLE 5 DEFERRED SHARE UNITS 17

5.1 Nature of DSUs..... 17

5.2 DSU Awards 17

5.3 DSU Agreements 17

5.4 Redemption / Settlement of DSUs 18

5.5 Determination of Amounts 20

5.6 Award of Dividend Equivalents..... 20

ARTICLE 6 GENERAL CONDITIONS..... 21

6.1 General Conditions Applicable to Awards 21

6.2 General Conditions Applicable to Options 22

6.3 General Conditions Applicable to Share Units 23

ARTICLE 7 ADJUSTMENTS AND AMENDMENTS..... 24

7.1 Adjustment to Shares Subject to Outstanding Awards 24

7.2 Change of Control..... 25

7.3 Initial Approval, Amendment or Discontinuance of the Plan..... 25

For personal use only

ARTICLE 8 MISCELLANEOUS27

- 8.1 Use of an Administrative Agent27
- 8.2 Tax Withholding27
- 8.3 Securities Law Compliance27
- 8.4 Reorganization of the Corporation.....28
- 8.5 Quotation of Shares29
- 8.6 Governing Laws.....29
- 8.7 Severability29
- 8.8 Code Section 409A29
- 8.9 Effective Date of the Plan30

For personal use only

CULICO METALS INC.

OMNIBUS EQUITY INCENTIVE PLAN

Culico Metals Inc. (the "**Corporation**") hereby establishes an omnibus equity incentive plan for certain qualified directors, executive officers, employees and consultants of the Corporation or any of its Subsidiaries (as defined herein).

ARTICLE 1
INTERPRETATION

1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"**Account**" means a notional account maintained for each Participant on the books of the Corporation which will be credited with Share Units or DSUs, as applicable, in accordance with the terms of this Plan;

"**Affiliate**" has the meaning ascribed thereto in the *Securities Act* (Ontario), as amended, supplemented or replaced from time to time;

"**Award**" means any of an Option, Share Unit or DSU granted pursuant to, or otherwise governed by, the Plan;

"**Award Agreement**" means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a Share Unit Agreement, a DSU Agreement, an Employment Agreement or a Consulting Agreement;

"**Blackout Period**" means a period during which the Corporation prohibits Participants from trading securities of the Corporation which is formally imposed by the Corporation pursuant to its internal trading policies (which, for greater certainty, does not include a period during which a Participant or the Corporation is subject to a cease trade order (or similar order under securities laws) in respect of the Corporation's securities);

"**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;

"**Board**" means the board of directors of the Corporation as constituted from time to time;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when Canadian chartered banks are generally open for business in Toronto, Ontario for the transaction of banking business;

"**Canadian Participant**" means a Participant who is a resident of Canada and/or who is granted an Award in respect of, or by virtue of, employment services rendered in Canada, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer;

"**Cause**" has the meaning ascribed thereto in Section 6.2(1) hereof;

"**Change of Control**" means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

For personal use only

- (a) any transaction (other than a transaction described in paragraph (b) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities entitled to vote in the election of directors of the Corporation, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Corporation under any of the Corporation's equity incentive plans;
- (b) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Corporation and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (i) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (ii) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such transaction;
- (c) the sale, lease, exchange, license or other disposition of assets, rights or properties of the Corporation or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other Person, other than a disposition to a wholly-owned Subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its wholly-owned Subsidiaries;
- (d) the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a *bona fide* reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or
- (e) individuals who, immediately prior to a particular time, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least 50% of the members of the Board immediately following such time; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder;

"**Code Section 409A**" means Section 409A of the Code and applicable regulations and guidance issued thereunder;

"**Consultant**" means an individual (other than an employee, executive officer or director of the Corporation or a Subsidiary) or company that: (a) is engaged to provide on an ongoing *bona fide* basis, consulting,

technical, management or other services to the Corporation or to a Subsidiary, other than services provided in relation to a distribution; (b) provides the services under a written contract between the Corporation or the Subsidiary and the individual or company, as the case may be; (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary; and (d) has a relationship with the Corporation or a Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Corporation;

"**Consulting Agreement**" means any written consulting agreement between the Corporation or a Subsidiary and a Participant who is a Consultant;

"**Designated Broker**" means a broker who is independent of, and deals at arm's length with, the Corporation and its Subsidiaries and is designated by the Corporation;

"**Dividend Equivalent**" means additional Share Units or DSUs credited to a Participant's Account as a dividend equivalent pursuant to Section 4.7 or Section 5.6, respectively;

"**DSU**" means a deferred share unit, which is a right awarded to a Participant to receive a payment as provided in Article 5 hereof and subject to the terms and conditions of this Plan;

"**DSU Agreement**" means a written agreement between the Corporation and a Participant evidencing the grant of DSUs and the terms and conditions thereof, a form of which is attached hereto as Exhibit "D";

"**DSU Redemption Date**" means, with respect to a particular DSU, the date on which such DSU is redeemed in accordance with the provisions of this Plan;

"**Eligible Participant**" means: (a) in respect of a grant of Options, any director, executive officer, employee or Consultant of the Corporation or any of its Subsidiaries, (b) in respect of a grant of Share Units, any director, executive officer, employee or Consultant of the Corporation or any of its Subsidiaries other than Persons retained to provide Investor Relations Activities, and (c) in respect of a grant of DSUs, any Non-Employee Director other than Persons retained to provide Investor Relations Activities;

"**Employment Agreement**" means, with respect to any Participant, any written employment agreement between the Corporation or a Subsidiary and such Participant;

"**Exchange**" means the TSXV or, if the Shares are not listed and posted for trading on the TSXV at a particular date, such other stock exchange or trading platform upon which the Shares are listed and posted for trading and which has been designated by the Board;

"**Exercise Notice**" means a notice in writing signed by a Participant and stating the Participant's intention to exercise a particular Option, if applicable;

"**Insider**" has the meaning ascribed thereto in section 1.2 of Policy 1.1 – *Interpretation* of the Corporate Finance Manual of the TSXV;

"**Investor Relations Activities**" has the meaning ascribed thereto in section 1.2 of Policy 1.1 – *Interpretation* of the Corporate Finance Manual of the TSXV;

"**ITA**" means the *Income Tax Act* (Canada), as amended from time to time;

"**ITA Regulations**" means the regulations promulgated under the ITA, as amended from time to time;

For personal use only

"Market Value of a Share" means, with respect to any particular date as of which the Market Value of a Share is required to be determined, (a) if the Shares are then listed on the TSXV, the closing price of the Shares on the TSXV on the last Trading Day prior to such particular date; (b) if the Shares are not then listed on the TSXV, the closing price of the Shares on any other stock exchange on which the Shares are then listed (and, if more than one, then using the stock exchange on which a majority of trading in the Shares occurs) on the last Trading Day prior to such particular date; or (c) if the Shares are not then listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith, and such determination shall be conclusive and binding on all Persons;

"Non-Employee Director" means a member of the Board who is not otherwise an employee or executive officer of the Corporation or a Subsidiary;

"Option" means an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price;

"Option Agreement" means a written agreement between the Corporation and a Participant evidencing the grant of Options and the terms and conditions thereof, a form of which is attached hereto as Exhibit "A";

"Option Price" has the meaning ascribed thereto in Section 3.2(1) hereof;

"Option Term" has the meaning ascribed thereto in Section 3.4 hereof;

"Outstanding Issue" means the number of Shares that are issued and outstanding as at a specified time, on a non-diluted basis;

"Participant" means any Eligible Participant that is granted one or more Awards under the Plan;

"Performance Criteria" means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Option or Share Unit;

"Performance Period" means the period determined by the Board at the time any Option or Share Unit is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Option or Share Unit are to be measured;

"Person" means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Omnibus Equity Incentive Plan, including the exhibits hereto, as amended or amended and restated from time to time;

"Policy 4.4" means Policy 4.4 – *Incentive Stock Options* of the Corporate Finance Manual of the TSXV.

"Redemption Date" has the meaning ascribed thereto in Section 4.5(1) hereof;

"Restriction Period" means, with respect to a particular grant of Share Units, the period between the date of grant of such Share Units and the latest Vesting Date in respect of any portion of such Share Units;

"SEC" means the U.S. Securities and Exchange Commission;

"Separation from Service" has the meaning ascribed to it under Code Section 409A;

For personal use only

"Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan, long-term incentive plan or other compensation or incentive mechanism involving the issuance or potential issuance of Shares from treasury, including a share purchase from treasury by a full-time employee, officer, director, Insider or Consultant which is financially assisted by the Corporation or a Subsidiary by way of a loan, guarantee or otherwise;

"Shareholder Approval" means the approval and ratification of the Plan and entitlements thereunder by the requisite majority of the shareholders of the Corporation at a duly called meeting of shareholders (which, for greater certainty, is required to permit the issuance of newly issued Awards by the Corporation under this Plan);

"Share Limit" has the meaning ascribed thereto in Section 2.4(1)(b) hereof;

"Share Unit" means a right awarded to a Participant to receive a payment as provided in Article 4 hereof and subject to the terms and conditions of this Plan;

"Share Unit Agreement" means a written agreement between the Corporation and a Participant evidencing the grant of Share Units and the terms and conditions thereof, a form of which is attached hereto as Exhibit "C";

"Share Unit Outside Expiry Date" has the meaning ascribed thereto in Section 4.5(4) hereof;

"Shares" means the common shares in the capital of the Corporation;

"Subsidiary" means a corporation, company or partnership that is controlled, directly or indirectly, by the Corporation;

"Termination Date" means (a) in the event of a Participant's resignation, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Corporation or one of its Subsidiaries, (b) in the event of the termination of a Participant's employment, or position as director or executive officer of the Corporation or a Subsidiary, or Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Corporation or the Subsidiary, as the case may be, and (c) in the event of a Participant's death, the date of death, provided that, in all cases, in applying the provisions of this Plan to DSUs granted to a Canadian Participant, the "Termination Date" shall be the latest date on which the Participant is neither a director, executive officer or employee of the Corporation or of any affiliate of the Corporation (where "affiliate" has the meaning ascribed thereto by the Canada Revenue Agency for the purposes of paragraph 6801(d) of the ITA Regulations);

"Termination of Service" means that a Participant has ceased to be an Eligible Participant;

"Trading Day" means any day on which the TSXV or other applicable stock exchange is open for trading;

"TSXV" means the TSX Venture Exchange;

"U.S." or "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"U.S. Securities Act" means the United States *Securities Act of 1933*, as amended;

"U.S. Share Unit Outside Expiry Date" has the meaning ascribed thereto in Section 4.1 hereof;

For personal use only

"**U.S. Taxpayer**" means a Participant who is a U.S. citizen, a U.S. permanent resident or other person who is subject to taxation on their income or in respect of Awards under the Code, provided that, for greater certainty, a Participant may be both a Canadian Participant and a U.S. Taxpayer; and

"**Vesting Date**" has the meaning ascribed thereto in Section 4.4 hereof.

"**VWAP**" means the volume weighted average trading price of the Shares on the Exchange, calculated by dividing the total value by the total volume of the Shares traded for the five trading days immediately preceding the exercise of the subject Option.

1.2 Interpretation

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term "discretion" or "authority" means the sole and absolute discretion or authority, as the case may be, of the Board.
- (2) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (3) In this Plan, words importing the singular shall include the plural and vice versa and words importing any gender include any other gender.
- (4) The words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation".
- (5) In this Plan, the expressions "Article", "Section" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (6) Unless otherwise specified in the Participant's Award Agreement, all references to dollar amounts are to [Canadian] currency, and where any amount is required to be converted to or from a currency other than [Canadian] currency, such conversion shall be based on the exchange rate quoted by the Bank of Canada on the particular date.
- (7) For purposes of this Plan, the legal representatives of a Participant shall only include the legal representative of the Participant's estate or will.
- (8) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2

PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

2.1 Purpose of the Plan

The purpose of the Plan is to permit the Corporation to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

- (a) to increase the interest in the Corporation's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Corporation or a Subsidiary;
- (b) to provide an incentive to such Eligible Participants to continue their services for the Corporation or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Corporation or a Subsidiary; and
- (d) to provide a means through which the Corporation or a Subsidiary may attract and retain able Persons to enter its employment or service.

2.2 Implementation and Administration of the Plan

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee appointed by the Board. If such committee is appointed for this purpose, all references to the "Board" herein will be deemed references to such committee. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval.
- (2) Subject to Article 7 and any applicable rules of an Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of the Plan and/or to address tax or other requirements of any applicable jurisdiction.
- (3) Subject to the provisions of this Plan, applicable laws and the rules of the TSXV, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operation of the Plan and any Award Agreements as it may deem necessary or advisable. The interpretation, administration, construction and application of the Plan and any provisions hereof made by the Board shall be final and binding on the Corporation, its Subsidiaries and all Eligible Participants.
- (4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder. Members of the Board, or any Person acting at the direction or on behalf of the Board, shall, to the extent permitted by law, be fully indemnified and protected by the Corporation with respect to any such action or determination.
- (5) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Corporation. For greater clarity, the Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

For personal use only

2.3 Participation in this Plan

- (1) The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant, vesting, exercise or settlement of an Award or any transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Corporation nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant (or any Person with whom the Participant does not deal at arm's length within the meaning of the ITA) under the Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant (or any Person with whom the Participant does not deal at arm's length within the meaning of the ITA) to compensate for a downward fluctuation in the price of the Shares or any shares of the Corporation or of a related (within the meaning of the ITA) corporation, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Corporation and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim or interest in any specific property or asset of the Corporation or any of its Subsidiaries. No asset of the Corporation or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any of its Subsidiaries under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation.
- (3) Unless otherwise determined by the Board, the Corporation shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan; provided, however, if any financial assistance is provided to a Participant, such lending of funds shall comply with Section 6.5 of Policy 4.4 and shall be subject to the prior approval of the Exchange.

2.4 Shares Subject to the Plan

- (1) Subject to adjustment pursuant to Article 7 hereof, and as may be approved by the Exchange and the shareholders of the Corporation from time to time:
 - (a) the securities that may be acquired by Participants pursuant to Awards under this Plan shall consist of authorized but unissued Shares, provided that in the case of Share Units and DSUs, the Corporation (or applicable Subsidiary) may, at its sole discretion, elect to settle such Share Units or DSUs in Shares acquired in the open market by a Designated Broker for the benefit of a Participant; and
 - (b) the total number of Shares reserved and available for grant and issuance pursuant to Awards under the Plan (including such number of securities issued as Dividend Equivalents) shall be equal to a maximum of 10% of the Outstanding Issue from time to time, less the number of Shares reserved for issuance pursuant to any other Share Compensation Arrangement, if any (the "**Share Limit**"). During the terms of the Awards, the Corporation shall keep available at all times the number of Shares required to satisfy such Awards. Except for Options which shall be settled in Shares issued from treasury,

For personal use only

Shares available for distribution under the Plan may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares reacquired by the Corporation in any manner.

- (2) For the purposes of calculating the number of Shares reserved for issuance under this Plan:
 - (a) each Option shall be counted as reserving one Share under the Plan, and
 - (b) notwithstanding that the settlement of any Share Unit or DSU in Shares shall be at the sole discretion of the Corporation as provided herein, each Share Unit and each DSU shall, in each case, be counted as reserving one Share under the Plan.
- (3) No Award may be granted if such grant would have the effect of causing the total number of Shares reserved for issuance under this Plan to exceed the Share Limit as set out above.
- (4) If (a) an outstanding Award (or portion thereof) expires or is forfeited, surrendered, cancelled or otherwise terminated for any reason without having been exercised, or (b) an outstanding Award (or portion thereof) is settled in cash, then in each such case the Shares reserved for issuance in respect of such Award (or portion thereof) will again be available for issuance under the Plan.

2.5 Participation Limits

- (1) In no event shall this Plan, together with all other established and outstanding Share Compensation Arrangements of the Corporation, permit at any time:
 - (a) the aggregate number of Shares reserved for issuance under Awards granted to Insiders (as a group) at any point in time exceeding 10% of the Outstanding Issue; or
 - (b) the grant to Insiders (as a group), within any 12 month period, of an aggregate number of Awards exceeding 10% of the Outstanding Issue, calculated at the date an Award is granted to any Insider,unless the Corporation has obtained the requisite disinterested shareholder approval.
- (2) The aggregate number of Awards granted to any one Person (and companies wholly-owned by that Person) in any 12 month period shall not exceed 5% of the Outstanding Issue, calculated on the date an Award is granted to the Person, unless the Corporation has obtained the requisite disinterested shareholder approval.
- (3) The aggregate number of Awards granted to any one Consultant in any 12 month period shall not exceed 2% of the Outstanding Issue, calculated at the date an Award is granted to the Consultant.
- (4) The aggregate number of Options granted to all Persons retained to provide Investor Relations Activities shall not exceed 2% of the Outstanding Issue in any 12 month period, calculated at the date an Option is granted to any such Person.
- (5) Upon authorization by the Board of the exercise of an Option on a "cashless exercise" basis pursuant to Section 3.6(3) or "net exercise" basis pursuant to Section 3.6(4), the number of Options exercised, surrendered or converted, and not the number of Shares actually issued by the Corporation, will be included in calculating the limits set forth in Section 2.4(1)(b) and this Section 2.5. Notwithstanding the foregoing, Shares reserved for issuance pursuant to an Award that has been

For personal use only

settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised, and pursuant to which no securities have been issued, will continue to be issuable under this Plan.

2.6 Granting of Awards

Any Award granted under or otherwise governed by the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant, exercise or settlement of such Award or the issuance or purchase of Shares thereunder, as applicable, such Award may not be granted, exercised or settled, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

ARTICLE 3 OPTIONS

3.1 Nature of Options

An Option is an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof. For greater certainty, the Corporation is obligated to issue and deliver the designated number of Shares on the exercise of an Option and shall have no independent discretion to settle an Option in cash or other property other than Shares issued from treasury. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

3.2 Option Awards

- (1) Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Participants who may receive Options under the Plan, (b) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted (which shall not be prior to the date of the resolution of the Board), (c) subject to Section 3.3, determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**"), (d) determine the relevant vesting provisions (including Performance Criteria, if applicable) and (e) determine the Option Term, the whole subject to the terms and conditions prescribed in this Plan or in any Option Agreement, and any applicable rules of the Exchange. For Options granted to employees, management company employees and Consultants, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Employee, Management Company Employee or Consultant (in each case as such terms are defined in Section 1.2 of Policy 4.4), as the case may be.
- (2) All Options granted herein shall vest in accordance with the terms of the Option Agreement entered into in respect of such Options. Notwithstanding the foregoing, Options granted to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than twelve (12) months with no more than one-quarter (1/4) of the Options vesting in any three month period. No acceleration of the vesting provisions of Options granted to Persons retained to provide Investor Relations Activities is allowed without the prior acceptance of the TSXV.

For personal use only

3.3 Option Price

The Option Price in respect of any Option shall be determined and approved by the Board when such Option is granted, but shall not be less than the Market Value of a Share as of the date of the grant. A minimum exercise price cannot be established unless the Options are allocated to particular Participants.

3.4 Option Term

The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten (10) years from the date of grant of the Option ("**Option Term**"). Unless otherwise determined by the Board, all unexercised Options shall be cancelled, without any compensation, at the expiry of such Options. Notwithstanding the expiration provisions hereof, if the date on which an Option Term expires falls within a Blackout Period, the expiration date of the Option will be the date that is ten (10) Business Days after the Blackout Period Expiry Date. Notwithstanding anything else herein contained, the ten (10) Business Day period referred to in this Section 3.4 may not be further extended by the Board.

3.5 Exercise of Options

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board, at the time of granting the particular Option, may determine in its sole discretion.

3.6 Method of Exercise and Payment of Purchase Price

- (1) Subject to the provisions of the Plan, including Sections 3.6(3) and 3.6(4), an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the legal representative of the Participant) by delivering a fully completed Exercise Notice, a form of which is attached hereto as Exhibit "B", to the Corporation at its registered office to the attention of the Chief Financial Officer of the Corporation (or the individual that the Chief Financial Officer of the Corporation may from time to time designate) or by giving notice in such other manner as the Corporation may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by payment, in full, of (a) the Option Price multiplied by the number of Shares specified in such Exercise Notice, and (b) such amount in respect of withholding taxes and other applicable source deductions as the Corporation may require under Section 8.2. Such payment shall be in the form of cash, certified cheque, bank draft or any other form of payment deemed acceptable by the Board.
- (2) Upon exercise of an Option, the Corporation shall, as soon as practicable after such exercise and receipt of all payments required to be made by the Participant to the Corporation in connection with such exercise, but no later than ten (10) Business Days following such exercise and payment, forthwith cause the transfer agent and registrar of the Shares either to:
 - (a) deliver to the Participant (or to the legal representative of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or the legal representative of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
 - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the legal representative of the Participant) shall have then paid for and as are specified in such Exercise Notice, which Shares shall be

For personal use only

evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

- (3) The Board may, on terms established by it in its sole discretion and in accordance with Exchange policies (including, if the Corporation is listed on the TSXV, Section 4.8(d)(i) of Policy 4.4), permit an Option to be exercised by way of a "cashless exercise" basis.
- (4) The Board may, in its sole discretion and in accordance with Exchange policies (including, if the Corporation is listed on the TSXV, Section 4.8(d)(ii) of Policy 4.4), permit Options held by a Participant who is not a Person retained to provide Investor Relations Activities to be exercised on a "net exercise" basis such that the Participant receives only the number of Shares underlying such Options that is equal to the quotient obtained by dividing:
 - (A) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Outstanding Issue and the Option Price of such Options; by
 - (B) the VWAP of the underlying Outstanding Issue.
- (5) Where the Board permits a cashless exercise of Options as provided in Section 3.6(3) or a net exercise of Options as provided in Section 3.6(4), the Corporation shall, where the holder of the Option would otherwise be entitled to a deduction under paragraph 110(1)(d) of the ITA in respect of the ordinary exercise of the Option, make the requisite elections under subsection 110(1.1) of the ITA to agree not to claim a corporate level deduction in respect of such Option.
- (6) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 7.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

3.7 Option Agreements

Options shall be evidenced by an Option Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine with reference to the form attached as Exhibit "A". The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax laws (including, in respect of Canadian Participants (other than Canadian Participants that are Consultants), such terms and conditions so as to ensure that the Option shall be continuously governed by section 7 of the ITA) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 4 RESTRICTED AND PERFORMANCE SHARE UNITS

4.1 Nature of Share Units

A Share Unit is an Award that is a bonus for services rendered in the year of grant, that, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a Share or, at the sole discretion of the Board, a Share, and subject to such restrictions and conditions on vesting as the Board

may determine at the time of grant, unless such Share Unit expires prior to being settled. Restrictions and conditions on vesting may, without limitation, be based on the passage of time during continued employment or other service relationship (sometimes referred to as a "Restricted Share Unit" or "RSU"), the achievement of specified Performance Criteria (sometimes referred to as a "Performance Share Unit" or "PSU"), or both.

Unless otherwise provided in the applicable Share Unit Agreement, it is intended that Share Units awarded to U.S. Taxpayers will be exempt from Code Section 409A under U.S. Treasury Regulation section 1.409A-1(b)(4), and accordingly such Share Units will be settled/redeemed by March 15th of the year following the year in which such Share Units are not, or are no longer, subject to a substantial risk of forfeiture (as such term is interpreted under Code Section 409A). For greater certainty, upon the satisfaction or waiver or deemed satisfaction of all Performance Criteria and other vesting conditions, the Share Units of U.S. Taxpayers will no longer be subject to a substantial risk of forfeiture, and will be settled/redeemed by March 15th of the following year (the "**U.S. Share Unit Outside Expiry Date**"). It is intended that, in respect of Share Units granted to Canadian Participants (other than Canadian Participants that are Consultants) as a bonus for services rendered in the year of grant, neither the Plan nor any Share Units granted hereunder will constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof. All Share Units granted hereunder shall be in addition to, and not in substitution for or in lieu of, ordinary salary and wages received or receivable by any Canadian Participant in respect of his or her services to the Corporation or a Subsidiary, as applicable.

4.2 Share Unit Awards

- (1) Subject to the provisions herein and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Participants who may receive Share Units under the Plan, (b) fix the number of Share Units, if any, to be granted to each Eligible Participant and the date or dates on which such Share Units shall be granted, (c) determine the relevant conditions, vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restriction Period of such Share Units, and (d) determine any other terms and conditions applicable to the granted Share Units, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any Share Unit Agreement. For Share Units granted to employees, management company employees and Consultants, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Employee, Management Company Employee or Consultant (in each case as such terms are defined in Section 1.2 of Policy 4.4), as the case may be.
- (2) All Share Units granted herein shall vest in accordance with the terms of the Share Unit Agreement entered into in respect of such Share Units, provided that no Share Unit shall vest before the one-year anniversary from the date of grant.
- (3) Subject to the vesting and other conditions and provisions in this Plan and in the applicable Share Unit Agreement, each Share Unit awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Share, or, at the discretion of the Board, one Share or any combination of cash and Shares as the Board in its sole discretion may determine, in each case subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 8.2. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any Share Unit, and, notwithstanding any discretion exercised by the Board to settle any Share Unit, or a portion thereof, in the form of Shares, the Board reserves the right to change such form of payment at any time until payment is actually made.

For personal use only

4.3 Share Unit Agreements

- (1) The grant of a Share Unit by the Board shall be evidenced by a Share Unit Agreement in such form not inconsistent with the Plan as the Board may from time to time determine with reference to the form attached as Exhibit "C". Such Share Unit Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Share Unit Agreement. The provisions of the various Share Unit Agreements issued under this Plan need not be identical.
- (2) The Share Unit Agreement shall contain such terms that the Corporation considers necessary in order that the Share Units granted to U.S. Taxpayers will comply with Code Section 409A and any provisions respecting restricted share units in the income tax laws (including, in respect of Canadian Participants (other than Canadian Participants that are Consultants), such terms and conditions so as to ensure that the Share Units shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in or the rules of any regulatory body having jurisdiction over the Corporation.

4.4 Vesting of Share Units

The Board shall have sole discretion to (a) determine if any vesting conditions with respect to a Share Unit, including any Performance Criteria or other vesting conditions contained in the applicable Share Unit Agreement, have been met, (b) waive the vesting conditions applicable to Share Units (or deem them to be satisfied), and (c) extend the Restriction Period with respect to any grant of Share Units, provided that (i) any such extension shall not result in the Restriction Period for such Share Units extending beyond the Share Unit Outside Expiry Date, and (ii) with respect to any grant of Share Units to a U.S. Taxpayer, such extension constitutes a substantial risk of forfeiture and such Share Units will continue to be exempt from (or otherwise comply with) Code Section 409A. The Corporation shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of Share Units to the Participant have been satisfied, waived or deemed satisfied and such Share Units have vested (the "**Vesting Date**").

4.5 Redemption / Settlement of Share Units

- (1) Subject to the provisions of this Section 4.5 and Section 4.6, a Participant's vested Share Units shall be redeemed in consideration for a cash payment on the date (the "**Redemption Date**") that is determined by the Corporation in its sole discretion, provided that such date shall not be later than: (a) in the case of a Canadian Participant, the earlier of: i) 30 days following the Participant's Termination Date; or, ii) the Share Unit Outside Expiry Date, and (b) in the case of a Participant who is a U.S. Taxpayer, the earlier of: i) 30 days following the Participant's Termination Date; or, ii) the U.S. Share Unit Outside Expiry Date.
- (2) Subject to the provisions of this Section 4.5 and Section 4.6, during the period between the Vesting Date and the Redemption Date in respect of a Participant's vested Share Units, the Corporation (or any Subsidiary that is party to an Employment Agreement or Consulting Agreement with the Participant whose vested Share Units are to be redeemed) shall, at its sole discretion, be entitled to elect to settle all or any portion of the cash payment obligation otherwise arising in respect of the Participant's vested Share Units either (a) by the issuance of Shares to the Participant (or the legal

representative of the Participant, if applicable) on the Redemption Date, or (b) by paying all or a portion of such cash payment obligation to the Designated Broker, who shall use the funds received to purchase Shares in the open market, which Shares shall be registered in the name of the Designated Broker in a separate account for the Participant's benefit.

- (3) Settlement of a Participant's vested Share Units shall take place on the Redemption Date as follows:
- (a) where the Corporation (or applicable Subsidiary) has elected to settle all or a portion of the Participant's vested Share Units in Shares issued from treasury:
 - (i) in the case of Shares issued in certificated form, by delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions in accordance with Section 8.2; or
 - (ii) in the case of Shares issued in uncertificated form, by the issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 8.2, which Shares shall be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares;
 - (b) where the Corporation or a Subsidiary has elected to settle all or a portion of the Participant's vested Share Units in Shares purchased in the open market, by delivery by the Corporation or Subsidiary of which the Participant is a director, executive officer, employee or Consultant to the Designated Broker of readily available funds in an amount equal to the Market Value of a Share as of the Redemption Date multiplied by the number of vested Share Units to be settled in Shares purchased in the open market, less the amount of any applicable withholding tax and other applicable source deductions under Section 8.2, along with directions instructing the Designated Broker to use such funds to purchase Shares in the open market for the benefit of the Participant and to be evidenced by a confirmation from the Designated Broker of such purchase;
 - (c) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's Share Units that the Corporation or a Subsidiary has elected to settle in Shares) shall, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 8.2, be paid to the Participant (or to the legal representative of the Participant, if applicable) by the Corporation or Subsidiary of which the Participant is a director, executive officer, employee or Consultant, in cash, by cheque or by such other payment method as the Corporation and Participant may agree; and
 - (d) where the Corporation or a Subsidiary has elected to settle a portion, but not all, of the Participant's vested Share Units in Shares, the Participant shall be deemed to have instructed the Corporation or Subsidiary, as applicable, to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 8.2 and to remit such withheld amount to the applicable taxation authorities on account of any withholding tax obligations, and the

For personal use only

Corporation or Subsidiary, as applicable, shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonably practicable. In the event that the cash portion payable to settle a Participant's Share Units in the foregoing circumstances is not sufficient to satisfy the withholding obligations of the Corporation or a Subsidiary pursuant to Section 8.2, the Corporation or Subsidiary, as applicable, shall be entitled to satisfy any remaining withholding obligation by any other mechanism as may be required or determined by the Corporation or Subsidiary as appropriate.

- (4) Notwithstanding any other provision in this Article 4, no payment, whether in cash or in Shares, shall be made in respect of the settlement of any Share Units later than December 15th of the third (3rd) calendar year following the end of the calendar year in respect of which such Share Unit is granted (the "**Share Unit Outside Expiry Date**").

4.6 Determination of Amounts

- (1) The cash payment obligation arising in respect of the redemption and settlement of a vested Share Unit pursuant to Section 4.5 shall be equal to the Market Value of a Share as of the applicable Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's vested Share Units shall, subject to any adjustments in accordance with Section 7.1 and any withholding required pursuant to Section 8.2, be equal to the Market Value of a Share as of the Redemption Date for such vested Share Units multiplied by the number of vested Share Units in the Participant's Account at the commencement of the Redemption Date (after deducting any such vested Share Units in the Participant's Account in respect of which the Corporation (or applicable Subsidiary) makes an election under Section 4.5(2) to settle such vested Share Units in Shares).
- (2) If the Corporation (or applicable Subsidiary) elects in accordance with Section 4.5(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's vested Share Units by the issuance of Shares, the Corporation shall, subject to any adjustments in accordance with Section 7.1 and any withholding required pursuant to Section 8.2, issue to the Participant (or the legal representative of the Participant, if applicable), for each vested Share Unit which the Corporation (or applicable Subsidiary) elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 7.1 and/or any withholding required pursuant to Section 8.2, the aggregate number of Shares to be received by a Participant upon an election by the Corporation (or applicable Subsidiary) to settle all or a portion of the Participant's vested Share Units in Shares includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number of Shares.

4.7 Award of Dividend Equivalents

- (1) Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded as a bonus for services rendered in the year in respect of unvested Share Units in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional Share Units, the number of which shall be equal to a fraction where the numerator is the product of (a) the number of Share Units in such Participant's Account on the date that dividends are paid multiplied by (b) the dividend paid per Share and the denominator of which is the Market Value of a Share calculated as of the date that dividends are paid. Any additional Share Units credited to a Participant's Account as a Dividend Equivalent shall

For personal use only

be subject to the same terms and conditions (including vesting, Restriction Periods and expiry) as the Share Units in respect of which such additional Share Units are credited. If the number of securities issued as Dividend Equivalents, together with all of the Corporation's other share-based compensation, would exceed the Share Limit, then such Dividend Equivalents will be paid in cash.

- (2) In the event that the Participant's applicable Share Units do not vest, all Dividend Equivalents, if any, associated with such Share Units will be forfeited by the Participant.

ARTICLE 5 DEFERRED SHARE UNITS

5.1 Nature of DSUs

A DSU is an Award for services rendered, or for future services to be rendered, and that, upon settlement, entitles the recipient Eligible Participant to receive cash or acquire Shares, as determined by the Corporation in its sole discretion, unless such DSU expires prior to being settled.

For greater certainty, the aggregate of all amounts each of which may be received in respect of a DSU shall depend, at all times, on the fair market value of shares in the capital of the Corporation or any corporation related (within the meaning of the ITA) thereto within the period that commences one year prior to the Participant's Termination Date and ends at the time the amount is received.

5.2 DSU Awards

- (1) Subject to the provisions of this Plan, any shareholder or regulatory approval which may be required, and the requirements of paragraph 6801(d) of the ITA Regulations and Code Section 409A, the Board shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Participants who may receive DSUs under the Plan, (b) fix the number of DSUs, if any, to be granted to any Eligible Participant and the date or dates on which such DSUs shall be granted, and (c) determine the relevant conditions and vesting provisions for such DSUs, subject to the terms and conditions prescribed in this Plan and in any DSU Agreement, as applicable.
- (2) All DSUs granted herein shall vest in accordance with the terms of the DSU Agreement entered into in respect of such DSUs, provided that no DSU shall vest before the one-year anniversary from the date of grant.
- (3) Subject to the vesting and other conditions and provisions in this Plan and in any DSU Agreement, each DSU awarded to a Participant shall entitle the Participant to receive on settlement a cash payment equal to the Market Value of a Share, or, at the discretion of the Board, one Share or any combination of cash and Shares as the Corporation in its sole discretion may determine. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any DSU, and, notwithstanding any discretion exercised by the Corporation to settle any DSU, or portion thereof, in the form of Shares, the Corporation reserves the right to change such form of payment at any time until payment is actually made.

5.3 DSU Agreements

- (1) The grant of a DSU by the Board shall be evidenced by a DSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine with reference to the form attached as Exhibit "D". Such DSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without

For personal use only

limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a DSU Agreement. The provisions of the various DSU Agreements issued under this Plan need not be identical.

- (2) Each DSU Agreement shall contain such terms that the Corporation considers necessary in order that the DSUs granted thereunder to U.S. Taxpayers will comply with Code Section 409A and any provisions respecting deferred share units in the income tax laws (including, in respect of Canadian Participants, such terms and conditions so as to ensure that the DSUs shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA by reason of the exemption in paragraph 6801(d) of the ITA Regulations) or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in or the rules of any regulatory body having jurisdiction over the Corporation.

5.4 Redemption / Settlement of DSUs

- (1) Except as otherwise provided in this Section 5.4 or Section 8.8 of this Plan, (i) DSUs of a Participant who is a U.S. Taxpayer shall be redeemed and settled by the Corporation as soon as reasonably practicable following the Participant's Separation from Service, and (ii) DSUs of a Participant who is a Canadian Participant (or who is neither a U.S. Taxpayer nor a Canadian Participant) shall be redeemed and settled by the Corporation as soon as reasonably practicable following the Participant's Termination Date, but in any event not later than, and any payment (whether in cash or in Shares) in respect of the settlement of such DSUs shall be made no later than, December 15th of the first (1st) calendar year commencing immediately after the Participant's Termination Date. Notwithstanding the foregoing, if a payment in settlement of DSUs of a Participant who is both a U.S. Taxpayer and a Canadian Participant:
 - (a) is required as a result of his or her Separation from Service in accordance with clause (i) above, but such payment would result in such DSUs failing to satisfy the requirements of paragraph 6801(d) of the ITA Regulations, and the Board determines that it is not practical to make such payment in some other manner or at some other time that complies with both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then such payment will be made to a trustee to be held in trust for the benefit of the Participant in a manner that causes the payment to be included in the Participant's income under the Code but does not contravene the requirements of paragraph 6801(d) of the ITA Regulations, and the amount shall thereafter be paid out of the trust at such time and in such manner as complies with the requirements of paragraph 6801(d) of the ITA Regulations; or
 - (b) is required pursuant to clause (ii) above, but such payment would result in such DSUs failing to satisfy the requirements of Code Section 409A because the Participant has not experienced a Separation from Service, and if the Board determines that it is not practical to make such payment in some other manner or at some other time that satisfies the requirements of both Code Section 409A and paragraph 6801(d) of the ITA Regulations, then the Participant shall forfeit such DSUs without compensation therefor.
- (2) The Corporation will have, at its sole discretion, the ability to elect to settle all or any portion of the cash payment obligation otherwise arising in respect of the redemption and settlement of a Participant's DSUs either (a) by the issuance of Shares to the Participant (or the legal representative of the Participant, if applicable) on the DSU Redemption Date, or (b) by paying all or a portion of such cash payment obligation to the Designated Broker, who shall use the funds received to

For personal use only

purchase Shares in the open market, which Shares shall be registered in the name of the Designated Broker in a separate account for the Participant's benefit.

- (3) For greater certainty, the Corporation shall not pay any cash or issue or deliver any Shares to a Participant in satisfaction of the redemption of a Participant's DSUs prior to the Corporation being satisfied, in its sole discretion, that all applicable withholding taxes and other applicable source deductions under Section 8.2 will be timely withheld or received and remitted to the appropriate taxation authorities in respect of any particular Participant and any particular DSUs.
- (4) The redemption and settlement of a Participant's DSUs shall occur on the applicable DSU Redemption Date as follows:
- (a) where the Corporation has elected to settle all or a portion of the Participant's DSUs in Shares issued from treasury:
 - (i) in the case of Shares issued in certificated form, by delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions in accordance with Section 8.2; or
 - (ii) in the case of Shares issued in uncertificated form, by the issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 8.2, which Shares shall be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares;
 - (b) where the Corporation has elected to settle all or a portion of the Participant's DSUs in Shares purchased in the open market, by delivery by the Corporation to the Designated Broker of readily available funds in an amount equal to the Market Value of a Share as of the applicable DSU Redemption Date multiplied by the number of DSUs to be settled in Shares purchased in the open market, less the amount of any applicable withholding tax and other applicable source deductions under Section 8.2, along with directions instructing the Designated Broker to use such funds to purchase Shares in the open market for the benefit of the Participant and to be evidenced by a confirmation from the Designated Broker of such purchase;
 - (c) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's DSUs that the Corporation has elected to settle in Shares) shall, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 8.2, be paid to the Participant (or to the legal representative of the Participant, if applicable) by the Corporation in cash, by cheque or by such other payment method as the Corporation and Participant may agree; and
 - (d) where the Corporation has elected to settle a portion, but not all, of the Participant's DSUs in Shares, the Participant shall be deemed to have instructed the Corporation to withhold from the cash portion of the payment to which the Participant is otherwise entitled such

For personal use only

amount as may be required in accordance with Section 8.2 and to remit such withheld amount to the applicable taxation authorities on account of any withholding obligations of the Corporation, and the Corporation shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonably practicable. In the event that the cash portion elected by the Corporation to settle the Participant's DSUs is not sufficient to satisfy the withholding obligations of the Corporation pursuant to Section 8.2, any remaining amounts shall be satisfied by the Corporation by any other mechanism as may be required or determined by the Corporation as appropriate.

- (5) For greater certainty, no DSU shall be redeemable or settled beyond a date that is twelve (12) months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any DSU not redeemed or settled beyond such date.

5.5 Determination of Amounts

- (1) The cash payment obligation by the Corporation in respect of the redemption and settlement of a DSU pursuant to Section 5.4 shall be equal to the Market Value of a Share as of the applicable DSU Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's DSUs shall, subject to any adjustment in accordance with Section 7.1 and any withholding required pursuant to Section 8.2, be equal to the Market Value of a Share as of the DSU Redemption Date for such DSUs multiplied by the number of DSUs being redeemed (after deducting any such DSUs in respect of which the Corporation makes an election under Section 5.4(2) to settle such DSUs in Shares).
- (2) If the Corporation elects in accordance with Section 5.4(2) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's DSUs by the issuance of Shares, the Corporation shall, subject to any adjustments in accordance with Section 7.1 and any withholding required pursuant to Section 8.2, issue to the Participant, for each DSU which the Corporation elects to settle in Shares, one Share. Where, as a result of any adjustment in accordance with Section 7.1 and/or any withholding required pursuant to Section 8.2, the aggregate number of Shares to be received by a Participant upon an election by the Corporation to settle all or a portion of the Participant's DSUs includes a fractional Share, the aggregate number of Shares to be received by the Participant shall be rounded down to the nearest whole number of Shares.

5.6 Award of Dividend Equivalents

- (1) Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded, as an additional bonus for services rendered in that particular calendar year, in respect of DSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional DSUs, the number of which shall be equal to a fraction where the numerator is the product of (a) the number of DSUs in such Participant's Account on the date that dividends are paid multiplied by (b) the dividend paid per Share and the denominator of which is the Market Value of a Share calculated as of the date that dividends are paid. Any additional DSUs credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting conditions) as the DSUs in respect of which such additional DSUs are credited. If the number of securities issued as

Dividend Equivalents, together with all of the Corporation's other share-based compensation, would exceed the Share Limit, then such Dividend Equivalents will be paid in cash.

- (2) In the event that the Participant's applicable DSUs do not vest, all Dividend Equivalents, if any, associated with such DSUs will be forfeited by the Participant.

ARTICLE 6 GENERAL CONDITIONS

6.1 General Conditions Applicable to Awards

Each Award shall be subject to the following conditions:

- (1) **Vesting Period.** Each Award granted hereunder shall vest in accordance with the terms of this Plan and the Award Agreement entered into in respect of such Award. The Board has the right, in its sole discretion, to waive any vesting conditions or accelerate the vesting of any Award, or to deem any Performance Criteria or other vesting conditions to be satisfied, notwithstanding the vesting schedule set forth for such Award; provided, however, that no acceleration of the vesting provisions of Options granted to Persons retained to provide Investor Relations Activities is allowed without the prior acceptance of the TSXV.
- (2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Corporation or a Subsidiary to the Participant of employment or another service relationship with the Corporation or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Corporation or any of its Subsidiaries in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.
- (3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive nor preclude such Eligible Participant from receiving any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Corporation or any Subsidiary.
- (4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as a shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Without in any way limiting the generality of the foregoing and except as provided under this Plan, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.
- (5) **Conformity to Plan.** In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant

For personal use only

Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.

- (6) **Non-Transferability.** Except as set forth herein, each Award granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of descent and distribution. Awards may be exercised only by:
- (a) the Participant to whom the Awards were granted;
 - (b) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (c) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant;

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Award. A Person exercising an Award may subscribe for Shares only in the Person's own name or in the Person's capacity as a legal representative.

- (7) **Participant's Entitlement.** Except as otherwise provided in this Plan (including, without limiting the generality of the foregoing, pursuant to Section 6.2), or unless the Board permits otherwise, upon any Subsidiary of the Corporation ceasing to be a Subsidiary of the Corporation, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary of the Corporation and not of the Corporation itself, whether or not then exercisable, shall automatically terminate on the date of such change.

6.2 General Conditions Applicable to Options

Except as otherwise provided in any Employment Agreement or Consulting Agreement or in any Award Agreement, each Option shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically and become void immediately. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for Cause shall be binding on the Participant. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Corporation's codes of conduct and any other reason determined by the Corporation to be cause for termination.
- (2) **Termination not for Cause.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her employment or service relationship with the Corporation or a Subsidiary being terminated without Cause (including, for the avoidance of doubt, as a result of any Subsidiary of the Corporation ceasing to be a Subsidiary of the Corporation, as contemplated by Section 6.1(7)), (a) each unvested Option granted to such Participant shall terminate and become void immediately upon such termination, and (b) each vested Option held by such Participant shall cease to be exercisable on the earlier of (i) ninety (90) days after the Participant's Termination Date (or such later date as the Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (ii) the expiry date of such Option as set forth in the applicable Award Agreement, after which such vested Option will expire.

For personal use only

- (3) **Resignation.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her resignation from the Corporation or a Subsidiary, (a) each unvested Option granted to such Participant shall terminate and become void immediately upon such resignation, and (b) each vested Option held by such Participant shall cease to be exercisable on the earlier of (i) ninety (90) days after the Participant's Termination Date (or such later date as the Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (ii) the expiry date of such Option as set forth in the applicable Award Agreement, after which such vested Option will expire.
- (4) **Retirement/Permanent Disability.** Upon a Participant ceasing to be an Eligible Participant by reason of retirement or permanent disability, (a) each unvested Option granted to such Participant shall terminate and become void immediately, and (b) each vested Option held by such Participant shall cease to be exercisable on the earlier of (i) ninety (90) days from the date of retirement or the date on which the Participant ceases his or her employment or service relationship with the Corporation or any Subsidiary by reason of permanent disability (or such later date as the Board may, in its sole discretion, determine, but which shall not be later than twelve (12) months from the Participant's Termination Date) and (ii) the expiry date of such Option as set forth in the applicable Award Agreement, after which such vested Option will expire.
- (5) **Death.** Upon a Participant ceasing to be an Eligible Participant by reason of death, (a) each unvested Option granted to such Participant shall terminate and become void immediately, and (b) each vested Option held by such Participant at the time of death may be exercised by the legal representative of the Participant, provided that any such vested Option shall cease to be exercisable on the earlier of (i) the date that is twelve (12) months after the Participant's death or (ii) the expiry date of such Option as set forth in the applicable Award Agreement, after which such vested Option will expire.
- (6) **Leave of Absence.** Upon a Participant electing a voluntary leave of absence of more than twelve (12) months, including maternity and paternity leaves, the Board may determine, at its sole discretion but subject to applicable laws, that such Participant's participation in the Plan shall be terminated, provided that all vested Options shall remain outstanding and in effect until the earlier of (i) the date that is twelve (12) months after a Participant ceases to be an Eligible Participant, (ii) the applicable exercise date, or (iii) such earlier date determined by the Board at its sole discretion.

6.3 General Conditions Applicable to Share Units

Except as otherwise provided in any Employment Agreement or Consulting Agreement or in any Award Agreement, each Share Unit shall be subject to the following conditions:

- (1) **Termination for Cause and Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause or as a result of his or her resignation from the Corporation or a Subsidiary, the Participant's participation in the Plan shall be terminated immediately, all Share Units credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested Share Units shall be forfeited and cancelled on the Termination Date.
- (2) **Death, Leave of Absence or Termination of Service.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant electing a voluntary leave of absence of more than twelve (12) months, including maternity and paternity leaves, or upon a Participant ceasing to be Eligible Participant as a result of (a) death, (b) retirement, (c) Termination of Service for reasons other than for Cause, (d) his or her employment or service relationship with

the Corporation or a Subsidiary being terminated by reason of injury or disability or (e) becoming eligible to receive long-term disability benefits, all unvested Share Units in the Participant's Account as of such date relating to a Restriction Period in progress shall be forfeited and cancelled. Notwithstanding the foregoing, if the Board, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested Share Units, the date of such action is the Vesting Date, so long as no Share Units vest before the one year anniversary of being granted unless in connection with a Change of Control or the death of a Participant.

- (3) **General.** For greater certainty, where (a) a Participant's employment or service relationship with the Corporation or a Subsidiary is terminated pursuant to Section 6.3(1) or Section 6.3(2) hereof or (b) a Participant elects for a voluntary leave of absence pursuant to Section 6.3(2) hereof following the satisfaction of all vesting conditions in respect of particular Share Units but before receipt of the corresponding distribution or payment in respect of such Share Units, the Participant shall remain entitled to such distribution or payment until the earlier of (i) a date that is twelve (12) months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, as applicable, or (ii) the Vesting Date. For greater certainty, no Share Unit shall be exercisable, redeemable or settled beyond a date that is twelve (12) months from the Participant's Termination Date or such date that a Participant ceases to be an Eligible Participant, and no Participant shall have any rights with respect to any Share Unit not redeemed or settled beyond such date.

ARTICLE 7 ADJUSTMENTS AND AMENDMENTS

7.1 Adjustment to Shares Subject to Outstanding Awards

At any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award or the forfeiture or cancellation of such Award, in the event of (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of the Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv) any merger, amalgamation or consolidation of the Corporation with or into another corporation, or (v) any distribution to all holders of Shares or other securities in the capital of the Corporation of cash, evidences of indebtedness or other assets of the Corporation (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Corporation or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
- (b) adjustments to the number of Shares or cash payment to which the Participant is entitled upon exercise or settlement of such Award; or
- (c) adjustments to the number or kind of shares reserved for issuance pursuant to the Plan.

7.2 Change of Control

- (1) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, to accelerate the vesting of Options to assist the Participants to tender into a takeover bid or participate in any other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or any other transaction leading to a Change of Control, the Board shall have the power, in its sole discretion, to (a) provide that any or all Options shall thereupon terminate, provided that any such outstanding Options that have vested shall remain exercisable until the consummation of such Change of Control, and (b) permit Participants to conditionally exercise their vested Options immediately prior to the consummation of the take-over bid and the Shares issuable under such Options to be tendered to such bid, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of such take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 7.2 is not completed within the time specified therein (as the same may be extended), then notwithstanding this Section 7.2 or the definition of "Change of Control": (i) any conditional exercise of vested Options shall be deemed to be null, void and of no effect, and such conditionally exercised Options shall for all purposes be deemed not to have been exercised, (ii) Shares which were issued pursuant to the exercise of Options which vested pursuant to this Section 7.2 shall be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares, and (iii) the original terms applicable to Options which vested pursuant to this Section 7.2 shall be reinstated. In the event of a Change of Control, the Board may exercise its discretion to accelerate the vesting of, or waive the Performance Criteria or other vesting conditions applicable to, outstanding Share Units, and the date of such action shall be the Vesting Date of such Share Units.
- (2) If the Corporation completes a transaction constituting a Change of Control and within twelve (12) months following the Change of Control a Participant who was also an officer or employee of, or Consultant to, the Corporation prior to the Change of Control has their Employment Agreement or Consulting Agreement terminated, then: (a) all unvested Options granted to such Participant shall immediately vest and become exercisable, and remain open for exercise until the earlier of (i) their expiry date as set out in the applicable Award Agreement, and (ii) the date that is 90 days after such termination or dismissal; and (b) all unvested Share Units shall become vested, and the date of such Participant's Termination Date shall be deemed to be the Vesting Date.

7.3 Initial Approval, Amendment or Discontinuance of the Plan

- (1) Prior to its implementation by the Corporation, this Plan is subject to approval by the Exchange and the shareholders of the Corporation and thereafter this Plan must be approved by shareholders of the Corporation and the Exchange on an annual basis.
- (2) The Board may amend the Plan or any Award at any time without the consent of the Participants, provided that such amendment shall:
- (a) not adversely alter or impair the rights of any Participant, without the consent of such Participant, except as permitted by the provisions of the Plan;
 - (b) be in compliance with applicable law (including Code Section 409A and the provisions of the ITA, to the extent applicable), and subject to any regulatory approvals including, where required, the approval of the TSXV (or any other stock exchange on which the Shares are listed); and

- (c) be subject to shareholder approval to the extent such approval is required by applicable law or the requirements of the TSXV (or any other stock exchange on which the Shares are listed), provided that the Board may, from time to time, in its absolute discretion and without approval of the shareholders of the Corporation, make the following amendments:
- (i) other than amendments to the exercise price and the expiry date of any Award as described in Section 7.3(3)(b) and Section 7.3(3)(c), any amendment, with the consent of the Participant, to the terms of an Award previously granted to such Participant under the Plan;
 - (ii) any amendment necessary to comply with applicable law (including taxation laws) or the requirements of the TSXV (or any other stock exchange on which the Shares are listed) or any other regulatory body to which the Corporation is subject;
 - (iii) any amendment of a "housekeeping" nature, including, without limitation, amending the wording of any provision of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correcting grammatical or typographical errors and amending the definitions contained within the Plan; or
 - (iv) any amendment regarding the administration or implementation of the Plan.
- (3) Notwithstanding Section 7.3(2)(c), the Board shall be required to obtain shareholder approval, including, if required by the applicable Exchange, disinterested shareholder approval, to make the following amendments:
- (a) any amendment to the maximum percentage or number of Shares that may be reserved for issuance pursuant to the exercise or settlement of Awards granted under the Plan, including an increase to the fixed maximum percentage of Shares or a change from a fixed maximum percentage of Shares to a fixed maximum number of Shares or vice versa, except in the event of an adjustment pursuant to Section 7.1;
 - (b) any amendment which reduces the exercise price of any Award, as applicable, after such Award has been granted or any cancellation of an Award and the replacement of such Award with an Award with a lower exercise price or other entitlements, except in the event of an adjustment pursuant to Section 7.1; provided, however, that, for greater certainty, disinterested shareholder approval will be required for any amendment which reduces the exercise price of any Option if the Participant is an Insider of the Corporation at the time of the proposed amendment;
 - (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any Share Unit beyond the original expiry date or Restriction Period, except in the event of an extension due to a Blackout Period; provided, however, that, for greater certainty, disinterested shareholder approval will be required for any amendment which extends the expiry date of an Option if the Participant is an Insider of the Corporation at the time of the proposed amendment;
 - (d) any amendment to the definition of an Eligible Participant under the Plan;
 - (e) any amendment to the participation limits set out in Section 2.5; or

- (f) any amendment to this Section 7.3 of the Plan.
- (4) The Board may, by resolution, but subject to applicable regulatory and shareholder approval, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment or engagement shall not apply for any reason acceptable to the Board.
- (5) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

ARTICLE 8 MISCELLANEOUS

8.1 Use of an Administrative Agent

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

8.2 Tax Withholding

Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the legal representative of the Participant) under this Plan shall be made net of any applicable withholdings, including in respect of applicable withholding taxes required to be withheld at source and other source deductions, as the Corporation determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then the withholding obligation may be satisfied in such manner as the Corporation determines, including (a) by the sale of a portion of such Shares by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 8.1, on behalf of and as agent for the Participant, as soon as permissible and practicable, with the proceeds of such sale being used to satisfy any withholding and remittance obligations of the Corporation (and any remaining proceeds, following such withholding and remittance, to be paid to the Participant), (b) by requiring the Participant, as a condition of receiving such Shares, to pay to the Corporation an amount in cash sufficient to satisfy such withholding, or (c) any other mechanism as may be required or determined by the Corporation as appropriate.

8.3 Securities Law Compliance

- (1) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award, the exercise of any Option, the delivery of any Shares upon exercise of any Option, or the Corporation's election to deliver Shares in settlement of any Share Units or DSUs, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Exchanges and to such approvals by any regulatory or governmental agency as may, as determined by the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Award or exercise of any Option hereunder to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (2) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of the Plan or of the Shares under the

For personal use only

securities laws of any jurisdiction or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.

- (3) Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.
- (4) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.
- (5) With respect to Awards granted in the United States or to U.S. Persons (as defined under Regulation S under the U.S. Securities Act) or at such time as the Corporation ceases to be a "foreign private issuer" (as defined under the U.S. Securities Act), unless the Shares which may be issued upon the exercise or settlement of such Awards are registered under the U.S. Securities Act, the Awards granted hereunder and any Shares that may be issuable upon the exercise or settlement of such Awards will be considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Accordingly, any such Awards or Shares issued prior to an effective registration statement filed with the SEC may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Participant, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom. Certificate(s) representing the Awards and any Shares issued upon the exercise or settlement of such Awards prior to an effective registration statement filed with the SEC, and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

"THE SECURITIES REPRESENTED HEREBY [for Awards add: AND ANY SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT."

8.4 Reorganization of the Corporation

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

8.5 Quotation of Shares

So long as the Shares are listed on one or more Exchanges, the Corporation must apply to such Exchange or Exchanges for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Corporation cannot guarantee that such Shares will be listed or quoted on any Exchange.

8.6 Governing Laws

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8.7 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

8.8 Code Section 409A

It is intended that any payments under the Plan to U.S. Taxpayers shall be exempt from or comply with Code Section 409A, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Code Section 409A. Solely to the extent that Awards of a U.S. Taxpayer are determined to be subject to Code Section 409A, the following will apply with respect to the rights and benefits of U.S. Taxpayers under the Plan:

- (1) Except as permitted under Code Section 409A, any deferred compensation (within the meaning of Code Section 409A) payable to or for the benefit of a U.S. Taxpayer may not be reduced by, or offset against, any amount owing by the U.S. Taxpayer to the Corporation or any of its Affiliates.
- (2) If a U.S. Taxpayer becomes entitled to receive payment in respect of any Share Units or any DSUs that are subject to Code Section 409A, as a result of his or her Separation from Service and the U.S. Taxpayer is a "specified employee" (within the meaning of Code Section 409A) at the time of his or her Separation from Service, and the Board makes a good faith determination that (a) all or a portion of the Share Units or DSUs constitute "deferred compensation" (within the meaning of Code Section 409A) and (b) any such deferred compensation that would otherwise be payable during the six-month period following such Separation from Service is required to be delayed pursuant to the six-month delay rule set forth in Code Section 409A in order to avoid taxes or penalties under Code Section 409A, then payment of such "deferred compensation" shall not be made to the U.S. Taxpayer before the date which is six months after the date of his or her Separation from Service (and shall be paid in a single lump sum on the first day of the seventh month following the date of such Separation from Service) or, if earlier, the U.S. Taxpayer's date of death.
- (3) A U.S. Taxpayer's status as a "specified employee" (within the meaning of Code Section 409A) shall be determined by the Corporation as required by Code Section 409A on a basis consistent with Code Section 409A and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Corporation that are subject to Code Section 409A.
- (4) Although the Corporation intends that Share Units will be exempt from Code Section 409A or will comply with Code Section 409A, and that DSUs will comply with Code Section 409A, the Corporation makes no assurances that the Share Units will be exempt from Code Section 409A or

For personal use only

will comply with it. Each U.S. Taxpayer, any beneficiary or the U.S. Taxpayer's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Taxpayer in connection with this Plan (including any taxes and penalties under Code Section 409A), and neither the Corporation nor any Subsidiary shall have any obligation to indemnify or otherwise hold such U.S. Taxpayer or beneficiary or the U.S. Taxpayer's estate harmless from any or all of such taxes or penalties.

- (5) In the event that the Board determines that any amounts payable hereunder will be taxable to a Participant under Code Section 409A prior to payment to such Participant of such amount, the Corporation may (a) adopt such amendments to the Plan and Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Board determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Share Units hereunder and/or (b) take such other actions as the Board determines necessary or appropriate to avoid or limit the imposition of an additional tax under Code Section 409A.
- (6) In the event the Corporation amends, suspends or terminates the Plan or Share Units as permitted under the Plan, such amendment, suspension or termination will be undertaken in a manner that does not result in adverse tax consequences under Code Section 409A.

8.9 Effective Date of the Plan

The Plan shall become effective upon a date to be determined by the Board; provided, however, that the Plan shall be subject to disinterested shareholder approval.

For personal use only

EXHIBIT "A"
TO OMNIBUS EQUITY INCENTIVE PLAN OF CULICO METALS INC.

FORM OF OPTION AGREEMENT

This Option Agreement is entered into between Culico Metals Inc. (the "**Corporation**") and the Participant named below, pursuant to the Corporation's Omnibus Equity Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

1. _____ (the "**Grant Date**"),
2. _____ (the "**Participant**")
3. was granted _____ options ("**Options**") to purchase common shares of the Corporation (each, a "**Share**"), in accordance with the terms of the Plan, which Options will bear the following terms:
 - (a) Exercise Price and Expiry. Subject to the vesting conditions specified below, the Options will be exercisable by the Participant at a price of CAD\$● per Share (the "**Option Price**") at any time prior to expiry on ● (the "**Expiration Date**").
 - (b) Vesting; Time of Exercise. Subject to the terms of the Plan, the Options shall vest and become exercisable as follows:

Number of Options	Vested On

If the aggregate number of Shares vesting in a tranche set forth above includes a fractional Share, the aggregate number of Shares will be rounded down to the nearest whole number of Shares. Notwithstanding anything to the contrary herein, the Options shall expire on the Expiration Date set forth above and must be exercised, if at all, on or before the Expiration Date. Options are denominated in Canadian dollars (CAD\$).

4. The Options shall be exercisable only by delivery to the Corporation of a duly completed and executed notice in the form attached to this Option Agreement (the "**Exercise Notice**"), together with (a) payment of the Option Price for each Share covered by the Exercise Notice, and (b) payment of any withholding taxes as required in accordance with the terms of the Exercise Notice. Any such payment to the Corporation shall be made by certified cheque or wire transfer in readily available funds.
5. Subject to the terms of the Plan, the Options specified in an Exercise Notice shall be deemed to be exercised upon receipt by the Corporation of such written Exercise Notice, together with the payment of all amounts required to be paid by the Participant to the Corporation pursuant to paragraph 4 of this Option Agreement.

For personal use only

6. The Participant hereby represents and warrants (on the date of this Option Agreement and upon each exercise of Options) that:
- (a) the Participant has not received any offering memorandum, or any other documents (other than annual financial statements, interim financial statements or any other document the content of which is prescribed by statute or regulation, other than an offering memorandum) describing the business and affairs of the Corporation that has been prepared for delivery to, and review by, a prospective purchaser in order to assist it in making an investment decision in respect of the Shares;
 - (b) the Participant is acquiring the Shares without the requirement for the delivery of a prospectus or offering memorandum, pursuant to an exemption under applicable securities legislation and, as a consequence, is restricted from relying upon the civil remedies otherwise available under applicable securities legislation and may not receive information that would otherwise be required to be provided to it;
 - (c) the Participant has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Corporation and does not desire to utilize a registrant in connection with evaluating such merits and risks;
 - (d) the Participant acknowledges that an investment in the Shares involves a high degree of risk, and represents that it understands the economic risks of such investment and is able to bear the economic risks of this investment;
 - (e) the Participant acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the exercise of any Options, as provided in Section 8.2 of the Plan;
 - (f) this Option Agreement constitutes a legal, valid and binding obligation of the Participant, enforceable against him or her in accordance with its terms; and
 - (g) the execution and delivery of this Option Agreement and the performance of the obligations of the Participant hereunder will not result in the creation or imposition of any lien, charge or encumbrance upon the Shares.

The Participant acknowledges that the Corporation is relying upon such representations and warranties in granting the Options and issuing any Shares upon exercise thereof.

7. The Participant: (a) acknowledges and represents that the Participant fully understands and agrees to be bound by the terms and provisions of this Option Agreement and the Plan; (b) agrees and acknowledges that the Participant has received a copy of the Plan and that the terms of the Plan form part of this Option Agreement, and (c) hereby accepts these Options subject to all of the terms and provisions hereof and of the Plan. To the extent of any inconsistency between the terms of this Option Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this Option Agreement and the Plan, and has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement.
8. This Option Agreement and the terms of the Plan incorporated herein (with the Exercise Notice, if the Option is exercised) constitutes the entire agreement of the Corporation and the Participant (collectively, the "**Parties**") with respect to the Options and supersedes in its entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not

be modified adversely to the Participant's interest except by means of a writing signed by the Parties. This Option Agreement and the terms of the Plan incorporated herein are to be construed in accordance with and governed by the laws of the Province of Ontario. Should any provision of this Option Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

9. In accordance with Section 8.3(5) of the Plan, if the Options and the underlying Shares are not registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, the Options may not be exercised in the "United States" or by "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to Option holders in the United States that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

For personal use only

IN WITNESS WHEREOF the Corporation and the Participant have executed this Option Agreement as of _____, 20__.

CULICO METALS INC.

Per: _____
Authorized Signatory

EXECUTED by ● in the presence of:)
)
)
_____)
Signature)
)
)
_____)
Print Name)
)
)
_____)
Address)
)
)
_____)
Occupation)

[NAME OF PARTICIPANT]

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Corporation within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your Options.

For personal use only

EXHIBIT "B"
TO OMNIBUS EQUITY INCENTIVE PLAN OF CULICO METALS INC.

FORM OF OPTION EXERCISE NOTICE

TO: CULICO METALS INC.

This Exercise Notice is made in reference to the Omnibus Equity Incentive Plan (the "**Plan**") of Culico Metals Inc. (the "**Corporation**").

The undersigned (the "**Participant**") holds options ("**Options**") under the Plan to purchase • common shares of the Corporation (each, a "**Share**") at a price per Share of CAD\$• (the "**Option Price**") pursuant to the terms and conditions set out in that certain option agreement between the Participant and the Corporation dated • (the "**Option Agreement**"). The Participant confirms the representations and warranties contained in the Option Agreement.

The Participant hereby:

<input type="checkbox"/>	<p>irrevocably gives notice of the exercise of _____ Options held by the Participant pursuant to the Option Agreement at the Option Price, for an aggregate exercise price of CAD\$_____ (the "Aggregate Option Price"), on the terms specified in the Option Agreement and encloses herewith a certified cheque payable to the Corporation or evidence of wire transfer to the Corporation in full satisfaction of the Aggregate Option Price.</p> <p>The Participant acknowledges and agrees that: (i) in addition to the Aggregate Option Price, the Corporation may require the Participant to also provide the Corporation with a certified cheque or evidence of wire transfer equal to the amount of any applicable withholding taxes associated with the exercise of such Options, before the Corporation will issue any Shares to the Participant in settlement of the Options; and (ii) the Corporation shall have the sole discretion to determine the amount of any applicable withholding taxes associated with the exercise of such Options, and shall inform the Participant of such amount as soon as reasonably practicable upon receipt of this completed Exercise Notice.</p>
--------------------------	---

Registration:

The Shares issued pursuant to this Exercise Notice are to be registered in the name of the undersigned and are to be delivered, as directed below:

Name: _____

Address: _____

Date

Name of Participant

Signature of Participant

For personal use only

EXHIBIT "C"
TO OMNIBUS EQUITY INCENTIVE PLAN OF CULICO METALS INC.

FORM OF SHARE UNIT AGREEMENT

This Share Unit Agreement is entered into between Culico Metals Inc. (the "**Corporation**") and the Participant named below, pursuant to the Corporation's Omnibus Equity Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

1. _____ (the "**Grant Date**"),
2. _____ (the "**Participant**")
3. was granted _____ Share Units ("**Share Units**"), in accordance with the terms of the Plan, which Share Units will vest as follows:

Number of Share Units	Time Vesting Conditions	Performance Vesting Conditions
_____	_____	_____
_____	_____	_____
_____	_____	_____

all on the terms and subject to the conditions set out in the Plan.

4. Subject to the terms and conditions of the Plan, the performance period for any performance-based Share Units granted hereunder commences on the Grant Date and ends at the close of business on ● (the "**Performance Period**"), while the restriction period for any time-based Share Units granted hereunder commences on the Grant Date and ends at the close of business on ● (the "**Restriction Period**"). Subject to the terms and conditions of the Plan, Share Units will be redeemed and settled fifteen days after the applicable Vesting Date, all in accordance with the terms of the Plan.
5. By signing this Share Unit Agreement, the Participant:
 - (a) acknowledges that he or she has read and understands the Plan and agrees with the terms and conditions thereof, which terms and conditions shall be deemed to be incorporated into and form part of this Share Unit Agreement (subject to any specific variations contained in this Share Unit Agreement);
 - (b) acknowledges that, subject to the vesting and other conditions and provisions in this Share Unit Agreement, each Share Unit awarded to the Participant shall entitle the Participant to receive on settlement an aggregate cash payment equal to the Market Value of a Share or, at the election of the Corporation and in its sole discretion, one Share of the Corporation. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Shares in respect of any Share Unit, and, notwithstanding any discretion exercised by the Corporation to settle any Share Unit, or portion thereof, in the form of Shares, the Corporation reserves the right to change such form of payment at any time until payment is actually made;

For personal use only

- (c) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the vesting and redemption of any Share Unit, as determined by the Corporation in its sole discretion;
 - (d) agrees that a Share Unit does not carry any voting rights;
 - (e) acknowledges that the value of the Share Units granted herein is denominated in Canadian dollars (CAD\$), and such value is not guaranteed; and
 - (f) recognizes that, at the sole discretion of the Corporation, the Plan can be administered by a designee of the Corporation by virtue of Section 2.2 of the Plan and any communication from or to the designee shall be deemed to be from or to the Corporation.
6. The Participant: (a) acknowledges and represents that the Participant fully understands and agrees to be bound by the terms and provisions of this Share Unit Agreement and the Plan; (b) agrees and acknowledges that the Participant has received a copy of the Plan and that the terms of the Plan form part of this Share Unit Agreement, and (c) hereby accepts these Share Units subject to all of the terms and provisions hereof and of the Plan. To the extent of any inconsistency between the terms of this Share Unit Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this Share Unit Agreement and the Plan, and has had an opportunity to obtain the advice of counsel prior to executing this Share Unit Agreement.
7. This Share Unit Agreement and the terms of the Plan incorporated herein constitutes the entire agreement of the Corporation and the Participant (collectively, the "**Parties**") with respect to the Share Units and supersedes in its entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Parties. This Share Unit Agreement and the terms of the Plan incorporated herein are to be construed in accordance with and governed by the laws of the Province of Ontario. Should any provision of this Share Unit Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.
8. In accordance with Section 8.3(5) of the Plan, unless the Shares that may be issued upon the settlement of vested Share Units granted pursuant to this Share Unit Agreement are registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and any applicable state securities laws, such Shares may not be issued in the "United States" or to "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to a Participant in the United States that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF the Corporation and the Participant have executed this Share Unit Agreement as of _____, 20__.

CULICO METALS INC.

Per: _____
Authorized Signatory

EXECUTED by ● in the presence of:)
)
)
_____)
Signature)
)
_____)
Print Name)
)
_____)
Address)
_____)
)
_____)
Occupation)

[NAME OF PARTICIPANT]

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Corporation within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your Share Units.

For personal use only

EXHIBIT "D"
TO OMNIBUS EQUITY INCENTIVE PLAN OF CULICO METALS INC.

FORM OF DSU AGREEMENT

This DSU Agreement is entered into between Culico Metals Inc. (the "**Corporation**") and the Participant named below, pursuant to the Corporation's Omnibus Equity Incentive Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that on:

1. _____ (the "**Grant Date**"),
2. _____ (the "**Participant**")
3. was granted _____ deferred share units ("**DSUs**"), in accordance with the terms of the Plan.
4. The DSUs subject to this DSU Agreement [are fully vested] [will become vested as follows: _____].
5. Subject to the terms of the Plan, the settlement of the DSUs, in cash (or, at the election of the Corporation, in Shares or a combination of cash and Shares), shall be payable to you, net of any applicable withholding taxes in accordance with the Plan, not later than December 15th of the first (1st) calendar year commencing immediately after the Termination Date, provided that if you are a U.S. Taxpayer, the settlement will be as soon as administratively feasible following your Separation from Service. If the Participant is both a U.S. Taxpayer and a Canadian Participant, the settlement of the DSUs will be subject to the provisions of Section 5.4(1) of the Plan.
6. By signing this agreement, the Participant:
 - (a) acknowledges that he or she has read and understands the Plan and agrees with the terms and conditions thereof, which terms and conditions shall be deemed to be incorporated into and form part of this DSU Agreement (subject to any specific variations contained in this DSU Agreement);
 - (b) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the vesting and redemption of any DSU, as determined by the Corporation in its sole discretion;
 - (c) agrees that a DSU does not carry any voting rights;
 - (d) acknowledges that the value of the DSUs granted herein is denominated in Canadian dollars (CAD\$), and such value is not guaranteed; and
 - (e) recognizes that, at the sole discretion of the Corporation, the Plan can be administered by a designee of the Corporation by virtue of Section 2.2 of the Plan and any communication from or to the designee shall be deemed to be from or to the Corporation.
7. The Participant: (a) acknowledges and represents that the Participant fully understands and agrees to be bound by the terms and provisions of this DSU Agreement and the Plan; (b) agrees and acknowledges that the Participant has received a copy of the Plan and that the terms of the Plan form part of this DSU Agreement, and (c) hereby accepts these DSUs subject to all of the terms and provisions hereof and of the Plan. To the extent of any inconsistency between the terms of this

For personal use only

DSU Agreement and those of the Plan, the terms of the Plan shall govern. The Participant has reviewed this DSU Agreement and the Plan, and has had an opportunity to obtain the advice of counsel prior to executing this DSU Agreement.

8. This DSU Agreement and the terms of the Plan incorporated herein constitutes the entire agreement of the Corporation and the Participant (collectively, the "**Parties**") with respect to the DSUs and supersedes in its entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Parties. This DSU Agreement and the terms of the Plan incorporated herein are to be construed in accordance with and governed by the laws of the Province of Ontario. Should any provision of this DSU Agreement or the Plan be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.
9. In accordance with Section 8.3(5) of the Plan, unless the Shares that may be issued upon the settlement of the DSUs are registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and any applicable state securities laws, such Shares may not be issued in the "United States" or to "U.S. Persons" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to a Participant in the United States that have not been registered under the U.S. Securities Act will be deemed "restricted securities" (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

For personal use only

IN WITNESS WHEREOF the Corporation and the Participant have executed this DSU Agreement as of _____, 20__.

CULICO METALS INC.

Per: _____
Authorized Signatory

EXECUTED by ● in the presence of:)
)
)
_____)
Signature)
)
_____)
Print Name)
)
_____)
Address)
_____)
_____)
_____)
Occupation)

[NAME OF PARTICIPANT]

Note to Plan Participants

This Agreement must be signed where indicated and returned to the Corporation within 30 days of receipt. Failure to acknowledge acceptance of this grant will result in the cancellation of your DSUs.

For personal use only

APPENDIX P

SPINCO AUDIT COMMITTEE CHARTER

PURPOSE

1. The Audit Committee (the "**Committee**") is a standing committee appointed by the board of directors (the "**Board**") of Culico Metals Inc. (the "**Company**"). The Committee is established to fulfill applicable public company obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to, among other things as may be delegated by the Board from time to time, oversee:
 - (a) the integrity of the Company's financial statements and financial reporting process, including the audit process and the Company's internal controls over financial reporting, disclosure controls and procedures, and compliance with other related legal and regulatory requirements;
 - (b) the qualifications and independence of external auditors;
 - (c) the work of the Company's financial management, internal auditors and external auditors;
 - (d) enterprise risk management, privacy and data security and to monitor the same; and
 - (e) the auditing, accounting and financial reporting process generally.
2. In addition, the Committee shall prepare, if required, an audit committee report for inclusion in the Company's annual management information circular, in accordance with applicable laws and regulations.
3. The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members to: (a) plan or conduct audits; (b) determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles used by the Company; or (c) conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and the Audit Committee Chair (the "**Committee Chair**") are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.
4. Management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. Management is also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls over financial reporting and disclosure controls and procedures. The external auditors are responsible for planning and carrying out an audit of the Company's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES

1. *Number of Members* – The members of the Committee shall be appointed by the Board. The Committee will be comprised of not less than three (3) Board members.
2. *Independence* – Except as otherwise permitted under securities laws, including the limited exceptions set out in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), or the rules of any applicable stock

For personal use only

exchange, the Committee shall be constituted of a majority of "independent directors" who are "independent" within the meaning of NI 52-110.

3. *Financial Literacy and Other Related Experience* – Except as otherwise permitted under securities laws, including the limited exceptions set out in NI 52-110, or the rules of any applicable stock exchange, each member of the Committee shall be able to read and understand fundamental financial statements and shall otherwise be "financially literate" within the meaning of applicable requirements or guidelines for audit committee service under securities laws, including NI 52-110, or the rules of any applicable stock exchange. Each member should have reasonable sufficient experience in such other economic, financial, investment or business matters as the Board may deem appropriate.
4. *Appointment and Replacement of Committee Members* – Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power so long as a quorum remains in respect of a specific Committee meeting. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her appointment or until his or her successor shall be duly appointed and qualified.
5. *Committee Chair* – Unless a Committee Chair is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Committee Chair shall be responsible for leadership of the Committee assignments and reporting to the Board. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
6. *Conflicts of Interest* – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.
7. *Meetings* – The Committee shall meet regularly and as often as it deems necessary to perform the duties and discharge its responsibilities described herein in a timely manner, but not less than four (4) times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information or disclose any other material financial information of the Company. The Committee shall meet within forty-five (45) days following the end of each of the first three financial quarters and shall meet within ninety (90) days following the end of the financial year. Meetings of the Committee may be called by any member of the Committee, the Chairman and CEO, the Lead Director of the Board (the "**Lead Director**") (if appointed) or the CFO of the Company. Not less than twenty-four (24) hours notice shall be given, provided that notice may be waived by all members of the Committee. The Committee shall maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board.
8. *Agenda* – The Committee Chair, with the assistance of the Chief Financial Officer ("**CFO**"), shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review. The Committee will keep minutes of its meetings which shall be available for review by the Board. Except in exceptional circumstances, draft minutes of each meeting of the Committee shall be circulated to the Committee for review within 14 days following the date of each such meeting.

9. *Separate Executive Meetings* – The Committee shall meet periodically, but no less than quarterly, with the CFO, the head of internal audit function and the external auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
10. *Quorum* – Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned for one hour unless a quorum is present before that time. If following such one-hour period, a quorum as hereinbefore specified is not present, then, at the discretion of the members then present, the quorum for the adjourned meeting shall consist of the members then present.
11. *Voting* – Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose. In case of an equality of votes, the matter will be referred to the Board for decision.
12. *Participation* – Members may participate in a meeting of the Committee in person or by means of telephone, web conference or other communication equipment. The Committee may invite such other directors, officers and employees of the Company and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
13. *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on: (a) the integrity of those persons or organizations within and outside the Company from which it receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations; and (c) representations made by management and the external auditors as to the permissible non-audit services provided by the external auditors to the Company and its subsidiaries.
14. *Self-Evaluation* – The Committee shall conduct a self-evaluation at least annually to determine whether it and its members are functioning effectively and report its conclusion to the Board.

AUDIT RESPONSIBILITIES

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Company and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Company to be proposed in the Company's management information circular for shareholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of a registered public accounting firm engaged (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purposes of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, and each such registered public accounting firm must report directly to the Committee.

3. The Committee will approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All permissible non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates that are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee shall have the sole discretion regarding the prohibition of the external auditor providing certain non-audit services to the Company and its affiliates. The Committee shall also review and approve disclosures with respect to permissible non-audit services.
4. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken that the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationship or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand and to the extent there are relationships, monitor and investigate them;
 - (c) ensure the rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law;
 - (d) consider whether there should be a regular rotation of the external audit firm itself; and
 - (e) consider the auditor independence standards promulgated by applicable auditing regulatory and professional codes.
5. The Committee shall establish and monitor clear policies for the hiring by the Company of partners, employees or former employees of the external auditors.
6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, or Canadian Public Accountability Board (CPAB) review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent auditors carried out by the external auditors and any steps taken to deal with any such issues; and
 - (b) a report describing: (i) the proposed audit scope, approach and independence of all critical accounting policies and practices to be used in the annual audit; (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and (iii) other material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
7. The Committee shall (i) annually review the experience and qualifications of the independent audit team and review the performance of the independent auditors, including assessing their professional skepticism,

effectiveness and quality of serve, and (ii) every five (5) years perform a comprehensive review of the performance of the independent auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards.

Appointment and Oversight of Internal Auditors

8. The appointment, terms of engagement, compensation, replacement or dismissal of the internal auditors shall be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Company, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function (other than with respect to the head of the Company's internal audit function).
9. The Committee shall obtain from the internal auditors, and shall review, summaries of the significant reports to management prepared by the internal auditors, or the actual report if requested by the Committee, and management's responses to such reports.
10. The Committee shall, as it deems necessary or appropriate, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.
11. The Committee shall, annually or more frequently as it deems necessary or appropriate, evaluate the internal auditors, including their activities, organizational structure, independence, objectivity, qualifications and effectiveness.

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors, the internal auditors and management: the audit function generally; the objectives, staffing, locations, coordination (reduction of redundant efforts) and effective use of audit resources; reliance upon management and internal audit and general audit approach and scope of proposed auditors of the financial statements of the Company and its subsidiaries; the overall audit plans; the responsibilities of management, the internal auditors and the external auditors; the audit procedures to be used; and the timing and estimated budgets and staffing of the audits.
13. The Committee shall meet periodically with the internal auditors to discuss the progress of their activity, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan and any difficulties or disputes that arise with management in the course of their audits, including any restrictions on the scope of their work or access to required information, and the adequacy of management's responses in correcting audit-related deficiencies.
14. The Committee shall review with management the results of internal and external audits.
15. The Committee shall provide an open avenue of communication between the external auditors, the internal auditors, the Board and management and take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

16. The Committee shall, as it deems necessary or appropriate, oversee, review and discuss with management, the external auditors and the internal auditors (together and separately as it deems necessary), among other items and matters:
 - (a) the quality, appropriateness and acceptability of the Company's accounting principles, practices and policies used in its financial reporting, its consistency from period to period, changes in the

Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new or unusual transactions or events;

- (b) all significant financial reporting issues, estimations and judgements made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) any material change to the Company's auditing and accounting principles and practices as recommended by management, the external auditors or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - (d) the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented; and
 - (e) the effect of regulatory and accounting initiatives on the Company's financial statements and other financial disclosures.
17. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Control Over Financial Reporting ("ICOFR")

18. The Committee shall, as it deems necessary or appropriate, exercise oversight of, review and discuss with management, the external auditors and the internal auditors (together and separately, as it deems necessary):
- (a) the adequacy and effectiveness of the Company's ICOFR and disclosure controls and procedures designed to ensure compliance with applicable laws and regulations;
 - (b) any significant deficiencies or material weaknesses in ICOFR or disclosure controls and procedures;
 - (c) the risk of management's ability to override the Company's internal controls;
 - (d) any fraud, of any amount or type, that involves management or other employees who have a significant role in the ICOFR;
 - (e) the adequacy of the Company's internal controls and any related significant findings and recommendations of the external auditor and internal auditors together with management's responses thereto; and
 - (f) management's compliance with the Company's processes, procedures and internal controls.
19. The Committee shall establish procedures for: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Oversight and Monitoring of the Company's Financial Reporting and Disclosure

20. The Committee shall:
- (a) review with the external auditors and management and recommend to the Board for approval the audited financial statements and the notes thereto and Management's Discussion and Analysis ("MD&A") accompanying such financial statements, the Company's annual information form and

any financial information of the Company contained in any registration statement, prospectus, information circular or any other disclosure document or regulatory filing of the Company;

- (b) review with the external auditors and management each set of interim financial statements and the notes thereto and MD&A accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company; and
- (c) review the disclosure regarding the Committee required to be included in any publicly filed or available document by applicable securities laws or regulations or stock exchange rules or requirements.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulatory authorities.

- 21. Prior to their distribution or public disclosure, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance, it being understood that such discussions may in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earnings guidance.
- 22. The Committee shall oversee compliance with the requirements of applicable securities laws or rules for disclosure of auditors' services, engagements and independence of external auditors and audit committee member qualifications and activities.
- 23. The Committee shall receive and review the financial statements and other financial information of material subsidiaries of the Company and any auditor recommendations concerning such subsidiaries.
- 24. The Committee shall oversee compliance with legal and regulatory requirements with respect to financial statements and financial reporting.

Oversight of Finance Matters

- 25. The Committee shall:
 - (a) periodically review matters pertaining to the Company's material policies and practices respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Company;
 - (b) periodically review the Company's major financial risk exposures (including foreign exchange and interest rate) and management's initiatives to control such exposure, including the use of financial derivatives and hedging activities;
 - (c) review and discuss with management all material off-balance sheet transactions, arrangement, obligations (including contingent obligations), leases and other relationships of the Company with unconsolidated entities, other persons, or related parties, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
 - (d) review and discuss policies, procedures and practices with respect to risk identification, assessment and management, including appropriate guidelines and policies to govern the process, as well as the Company's major enterprise risk exposures and the steps management has undertaken to control them; and

- (e) review and discuss with management the Company's effective tax rate, adequacy of tax reserves, tax payments and reporting of any pending tax audits or assessments, and material tax policies and tax planning initiatives.

Risk Oversight, Privacy and Cybersecurity

26. The Committee shall annually or as the Committee deems necessary or appropriate:
- (a) review and discuss with management and as the Committee deems necessary or appropriate, the Chair of the Board or other committees of the Board, and monitor the adequacy and effectiveness of: (i) management's program, including policies and guidelines, to identify, assess, manage, and monitor major enterprise risks of the Company, including financial, operational, privacy, security, business continuity, legal and regulatory, and reputational risk, as well as those risks that would threaten the Company's business, future performance, solvency or liquidity; (ii) management's risk-management decisions, practices and activities; (iii) reports from management and others, including without limitation internal audit, regarding compliance with item (i) above; and (iv) the adequacy and appropriateness of management's response to, including the implementation thereof, the matters and findings, if any, in the reports referenced in item (iii) above;
 - (b) review, discuss with management and assess the Company's privacy and cybersecurity risk exposures; and
 - (c) review and discuss with management the adequacy of the Company's insurance coverage.

Committee Reporting

27. The Committee shall report regularly, which shall be at least quarterly, to the entire Board regarding the execution of the Committee's duties, responsibilities and activities, as well as any issues encountered and related recommendations and recommend to the Board that the audited financial statements be included in the Company's annual filings. The Committee Chair shall prepare and deliver the report to the Board. The Committee's report by the Committee Chair may be a verbal report delivered to the Board at a duly called Board meeting.
28. The Committee shall also report to the Board quarterly and/or annually regarding the oversight and receipt of certifications from applicable management confirming compliance with certain applicable laws, regulations or rules and certain Company policies and practices, in each case as the Committee deems necessary or appropriate.

Additional Authority and Responsibilities

29. The Committee shall have the authority to engage independent counsel and other advisors, hire and terminate special legal, accounting, financial or other consultants to advise the Committee at the Company's expense, in each case, as it determines necessary or appropriate to carry out its duties and without consulting with, or obtaining prior approval from, any officer of the Company or the Board. The Committee may ask members of management, including, without limitation, the applicable member of management responsible for enterprise risk management, or others, including, without limitation, Company employees or the Chair of the Board or any committee, to attend meetings or provide information as necessary. The Committee shall also have the authority to ask the Company's independent auditors to attend meetings or provide information as necessary, and the Company's independent auditors will have direct access to the Committee at their own initiative.
30. The Committee shall provide for appropriate funding for payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company; (b) compensation to any advisors engaged or employed

by the Committee under subsection 29 above; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

31. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and perform such other functions as assigned by law or the Company's constating documents.
32. The Committee shall review and approve in advance any proposed related-party transactions and required disclosure of such in accordance with applicable securities laws and regulations and consistent with any related-party transaction policy of the Company, to the extent such policy exists, and report to the Board on any approved transactions.

AUDIT COMMITTEE CHAIR

The Committee Chair should:

1. provide leadership to the Committee and oversee the functioning of the Committee;
2. chair meetings of the Committee (unless not present), including in-camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee and otherwise at such times and in such manner as the Committee Chair considers advisable;
3. ensure that the Committee meets at least four times per financial year of the Company, and otherwise as is considered advisable;
4. in consultation with the Chair of the Board, the Lead Director, if any, and the members of the Committee, establish dates for holding meetings of the Committee;
5. set the agenda for each meeting of the Committee with input from other members of the Committee, the Chair of the Board, the Lead Director, if any, and any other appropriate individuals;
6. ensure that Committee materials are available to any director upon request;
7. act as a liaison, and maintain communication, with the Chair of the Board, the Lead Director, if any, and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;
8. report annually to the Board on the role, mandate, and effectiveness of the Committee, in respect of contributing to the objectives of the Board and the Company;
9. assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;
10. foster ethical and responsible decision making by the Committee;
11. oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
12. ensure appropriate information is requested from the officers of the Company and is provided to the Committee to enable it to function effectively and comply with this mandate;
13. ensure that appropriate resources and expertise are available to the Committee;
14. ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with applicable laws;

For personal use only

15. facilitate effective communication between the members of the Committee and the officers of the Company;
16. attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Company to respond to any questions from shareholders that may be asked of the Committee; and
17. perform such other duties as may be delegated to the Committee Chair or the Board from time to time.

THIS CHARTER

The Committee shall review and reassess the adequacy of this Charter on an annual basis or as required and recommend any proposed changes to the Board for approval. This Charter shall be posted on the Company's website.

For personal use only

APPENDIX Q

SPINCO FINANCIAL STATEMENTS AND RELATED MD&A

Table of Contents

Audited Financial Statements for the Period from Incorporation on April 5, 2024 to May 31, 2024.....Q-2

Management's Discussion and Analysis for the Period from Incorporation on April 5, 2024 to May 31, 2024Q-13

Audited Carve-Out Financial Statements for the Years Ended December 31, 2023 and 2022Q-16

Carve-Out Management's Discussion and Analysis for the Years Ended December 31, 2023 and 2022.....Q-35

Unaudited Condensed Interim Carve-Out Financial Statements for the Three Months Ended March 31, 2024 and 2023Q-41

Carve-Out Management's Discussion and Analysis for the Three Months Ended March 31, 2024 and 2023Q-54

Pro Forma Statement of Financial Position as at March 31, 2024Q-60

For personal use only

CULICO METALS INC.
(formerly 1000853883 Ontario Inc.)

AUDITED FINANCIAL STATEMENTS

For the period from incorporation on April 5, 2024 to May 31, 2024
(in Canadian dollars)



Independent auditor's report

To the Shareholder of Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Culico Metals Inc. (formerly 1000853883 Ontario Inc.) (the Company) as at May 31, 2024 and its financial performance and its cash flows for the period from April 5, 2024 to May 31, 2024 in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at May 31, 2024;
- the statement of cash flows for the period from April 5, 2024 to May 31, 2024;
- the statement of changes in equity for the period from April 5, 2024 to May 31, 2024; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For personal use only



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 14, 2024

For personal use only

Culico Metals Inc.
(formerly 1000853883 Ontario Inc.)

TABLE OF CONTENTS

Statement of Financial Position	2
Statement of Cash Flows	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5

For personal use only

Culico Metals Inc.
(formerly 1000853883 Ontario Inc.)

Statement of Financial Position
(Expressed in Canadian dollars)

As at	Note	May 31, 2024 \$
ASSETS		
Current assets		
Cash		1
Total assets		1
SHAREHOLDERS' EQUITY		
Share capital	5	1
Retained earnings		-
Total shareholders' equity		1
Total liabilities and shareholders' equity		1

For personal use only

The accompanying notes are an integral part of these financial statements.

Culico Metals Inc.
(formerly 1000853883 Ontario Inc.)

Statement of Cash Flows
(Expressed in Canadian dollars)

For the period ended May 31,	2024 \$
FINANCING ACTIVITIES	
Common shares issued	1
Net cash provided by financing activities	1
Net increase in cash	1
Cash, beginning of period	-
Cash, end of period	1

For personal use only

The accompanying notes are an integral part of these financial statements.

Culico Metals Inc.
(formerly 1000853883 Ontario Inc.)

Statement of Changes in Equity
(Expressed in Canadian dollars, except share numbers)

	Share capital (note 5)		Retained earnings	Total equity
	Number	\$	\$	\$
Balance as at April 5, 2024	-	-	-	-
Equity issue	1	1	-	1
Comprehensive earnings (loss)	-	-	-	-
Balance as at May 31, 2024	1	1	-	1

For personal use only

The accompanying notes are an integral part of these financial statements.

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Financial Statements
For the period ended May 31, 2024
(Expressed in Canadian dollars, unless otherwise indicated)

Notes to the Financial Statements

1. NATURE OF OPERATIONS

Culico Metals Inc. (formerly 1000853883 Ontario Inc.) (the “**Company**” or “**SpinCo**”) is a company domiciled in Canada and was incorporated on April 05, 2024, under the Canada Business Corporations Act. The Company's registered office is located at 100 King Street West, Suite 3400, 1 First Canadian Place, Toronto, Ontario, M5X 1A4, Canada.

SpinCo was established as a spinout investment business to hold certain assets and rights currently held by Karora Resources Inc. (“**Karora**”). On April 8, 2024 Karora and Australian Stock Exchange (“**ASX**”) listed issuer Westgold Resources Limited (“**Westgold**”) entered into an arrangement agreement pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement (“**Plan of Arrangement**”) under the Canada Business Corporations Act (“**Arrangement**”). The completion of the Arrangement is subject to the approval of 66^{2/3}% of votes cast by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Projection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. If effective the Arrangement contemplates the following Karora assets and rights (the “**Transferred Assets**”) being transferred to SpinCo, in accordance with the contribution agreement to be entered into between Karora and the Company and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and the Company may agree, which in respect of the shares of Kali Metals Limited (“**Kali**”) may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million;
- lithium royalty rights for the Higginsville tenement package; and
- investment in associate, Kali, whose shares are listed on the ASX.

Under the Arrangement, Karora shareholders will receive 0.3 of a Company share for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, the Company will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to the Company. The Company has applied to list the Company shares on the TSX Venture Exchange (the “**TSXV**”). As of the date hereof, the TSXV has not conditionally approved the listing of the Company shares and there can be no assurance that the TSXV will approve the listing application for the Company shares.

These audited financial statements of the Company are as at and for the period ended May 31, 2024.

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Financial Statements
For the period ended May 31, 2024
(Expressed in Canadian dollars, unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These financial statements were authorized for issue by the Board of Directors of Karora on June 14, 2024.

Basis of preparation

These financial statements have been prepared on a historical cost basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

3. MATERIAL ACCOUNTING POLICIES

Basis of measurement

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial statements are presented in Canadian dollars.

Cash

Cash comprise cash at bank and on hand.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period that the transaction occurs.

4. STATEMENT OF EARNINGS

The Company had no income or expense items in the reporting period from incorporation April 5, 2024 to May 31, 2024.

5. SHARE CAPITAL

The Company is authorized to issue an unlimited amount of common shares. On April 5, 2024, the Company issued one common share to Karora upon incorporation for \$1.

For personal use only

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Financial Statements
For the period ended May 31, 2024
(Expressed in Canadian dollars, unless otherwise indicated)

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure, the Company may attempt to issue new shares or debt instruments, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company will prepare annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. It is expected that the annual and updated budgets will be subject to approval by the Board of Directors once it is appointed.

7. MANAGEMENT OF FINANCIAL RISKS

The Company relies upon Karora, its parent company, in managing its capital structure. The Company is exposed to the following risk:

- (i) Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company intends to reduce its credit risk on its cash by deposits and investments with major Canadian banks rated "A" or higher.
- (ii) Liquidity risks associated with the inability to meet obligations as they become due is minimised through its dependence on Karora. The Arrangement contemplates \$5 million being injected into the Company along with certain assets and rights to establish independent liquidity.

For personal use only

CULICO METALS INC.
(formerly 1000853883 Ontario Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period from incorporation on April 05, 2024 to May 31, 2024
(In thousands of Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") of Culico Metals Inc. (formerly 1000853883 Ontario Inc.) (the "**Company**" or "**SpinCo**") should be read in conjunction with the Company's Audited Financial Statements and the related notes for the period from incorporation on April 05, 2024 to May 31, 2024, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("**IFRS Accounting Standards**"). This MD&A was prepared as of June 14, 2024 and all information is current as of such date, Readers are encouraged to read Karora Resources Inc. ("**Karora**") public information filings on SEDAR+ at www.sedarplus.ca.

This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers information to be material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Results are reported in Canadian dollars, unless otherwise noted.

OVERVIEW

COMPANY OVERVIEW

The Company is domiciled in Canada and was incorporated on April 05, 2024, under the Canada Business Corporations Act. The Company's registered office is located at 100 King Street West, Suite 3400, 1 First Canadian Place, Toronto, Ontario, M5X 1A4, Canada.

On April 8, 2024 Karora which holds 100% of the issued common shares of the Company, and Australian Stock Exchange ("**ASX**") listed issuer Westgold Resources Limited ("**Westgold**") entered into an arrangement agreement pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement ("**Plan of Arrangement**") under the Canada Business Corporations Act ("**Arrangement**"). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes cast by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature.

If effective the Arrangement contemplates the following Karora assets and rights (the "**Transferred Assets**") being transferred to the Company in accordance with the contribution agreement to be entered into between Karora and the Company and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and the Company may agree, which in respect of the

shares of Kali Metals Limited ("**Kali**") may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million;
- lithium royalty rights for the Higginsville tenement package; and
- investment in associate, Kali, whose ordinary shares are listed on the ASX.

Under the Arrangement, Karora shareholders will receive 0.3 of a Company share for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, the Company will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to the Company. The Company has applied to list the Company shares on the TSX Venture Exchange (the "**TSXV**"). As of the date hereof, the TSXV has not conditionally approved the listing of the Company shares and there can be no assurance that the TSXV will approve the listing application for the Company shares.

FINANCIAL POSITION

BALANCE SHEET REVIEW

Upon incorporation the Company issued 1 fully paid common share to Karora for \$1 cash and \$1 share capital. There was no further activity in the Company from the date of incorporation to May 31, 2024.

Liquidity

The Company has been inactive since incorporation and has cash of \$1 and nil liabilities, however, subject to completion of the Arrangement, certain assets and rights including \$5 million in cash will be transferred to the Company, subject to receipt of all required regulatory and third-party consents, to support its operations.

Outstanding Share Data

As at June 14, 2024, the Company had 1 common share issued and outstanding and nil other securities outstanding.

ADDITIONAL INFORMATION

Additional information relating to Karora can be found on SEDAR+ at www.sedarplus.ca, or on Karora's web-site at www.karoraresources.com.

For personal use only

**SPINOUT INVESTMENT BUSINESS
OF KARORA RESOURCES INC.**

AUDITED CARVE-OUT FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022
(in thousands of Canadian dollars)



Independent auditor's report

To the Board of Directors of Karora Resources Inc.

Our opinion

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Spinout Investment Business of Karora Resources Inc. (the Spinout Investment Business) as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Spinout Investment Business' carve-out financial statements comprise:

- the carve-out statements of financial position as at December 31, 2023 and 2022;
- the carve-out statements of loss and comprehensive loss for the years then ended;
- the carve-out statements of cash flows for the years then ended;
- the carve-out statements of changes of owner's net investment for the years then ended; and
- the notes to the carve-out financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the carve-out financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Spinout Investment Business in accordance with the ethical requirements that are relevant to our audit of the carve-out financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – carve-out financial statements

We draw attention to the fact that, as described in note 2 to the carve-out financial statements, the Spinout Investment Business has not operated as a separate entity. These carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if the Spinout Investment

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Business had been a separate stand-alone entity during the years presented or of future results of the Spinout Investment Business.

Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the carve-out Management's Discussion and Analysis.

Our opinion on the carve-out financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the carve-out financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the carve-out financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the carve-out financial statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Spinout Investment Business' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Spinout Investment Business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Spinout Investment Business' financial reporting process.

Auditor's responsibilities for the audit of the carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

For personal use only



an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Spinout Investment Business' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Spinout Investment Business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Spinout Investment Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Spinout Investment Business to express an opinion on the carve-out financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

For personal use only



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 14, 2024

For personal use only

TABLE OF CONTENTS

Carve-Out Statements of Financial Position	3
Carve-Out Statements of Loss and Comprehensive Loss	4
Carve-Out Statements of Cash Flows	5
Carve-Out Statements of Changes of Owner's Net Investment	6

Carve-Out Statements of Financial Position
(Expressed in thousands of Canadian dollars)

As at	Note	December 31, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash		5,000	-
		5,000	-
Non-current assets			
Investment in associate	5	7,170	-
Total assets		12,170	-
LIABILITIES AND EQUITY			
Non-current liabilities			
Deferred tax liability	6	1,862	-
Total liabilities		1,862	-
Owner's net investment			
Owner's net investment	7	10,591	-
Deficit		(283)	-
Total owner's net investment		10,308	-
Total liabilities and owner's net investment		12,170	-

The accompanying notes are an integral part of these carve-out financial statements.

For personal use only

Carve-Out Statements of Loss and Comprehensive Loss
(Expressed in thousands of Canadian dollars, except per share amounts)

For the years ended December 31,	2023 \$	2022 \$
General and administrative	405	-
Loss before income tax	(405)	-
Income tax recovery - deferred	122	-
Net loss and comprehensive loss	(283)	-

For personal use only

The accompanying notes are an integral part of these carve-out financial statements.

Carve-Out Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

For the years ended December 31,	2023 \$	2022 \$
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net loss	(283)	-
Changes not affecting cash:		
Income tax recovery	(122)	-
Net cash used in operating activities	(405)	-
FINANCING ACTIVITIES		
Net contributions from owner	5,405	-
Net cash provided by financing activities	5,405	-
Net change in cash	5,000	-
Cash, beginning of year	-	-
Cash, end of year	5,000	-

For personal use only

The accompanying notes are an integral part of these carve-out financial statements.

Carve-Out Statements of Changes of Owner's Net Investment
 (Expressed in thousands of Canadian dollars, except share numbers)

For the years ended December 31,	<i>Note</i>	2023 \$	2022 \$
Owner's net investment, beginning of year		-	-
Net contributions from owner		10,591	-
Loss and comprehensive loss		(283)	-
Owner's net investment, end of year	7	10,308	-

For personal use only

The accompanying notes are an integral part of these carve-out financial statements.

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

1. ARRANGEMENT AGREEMENT

On April 8, 2024 Karora Resources Inc. (“**Karora**” or the “**Corporation**”) and Australian Stock Exchange (“**ASX**”) listed issuer Westgold Resources Limited (“**Westgold**”) entered into an arrangement agreement pursuant to which Westgold will indirectly acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement (the “**Plan of Arrangement**”) under the Canada Business Corporations Act (“**Arrangement**”). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes casts by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. If effective, the Arrangement contemplates the following Karora assets and rights (the “**Transferred Assets**”) which form the “**Spinout Investment Business**”, will be transferred to a new corporate vehicle, Culico Metals Inc. (formerly 1000853883 Ontario Inc.) incorporated April 5, 2024 (“**SpinCo**”) in accordance with the contribution agreement to be entered into between Karora and SpinCo and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and SpinCo may agree, which in respect of the shares of Kali Metals Limited (“**Kali**”) may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million (note 4);
- lithium royalty rights for the Higginsville tenement package; and
- investment in associate, Kali shares listed on the ASX (note 5).

Under the Arrangement, Karora shareholders will receive 0.3 of a common share of SpinCo (a “**SpinCo Share**”) for every Karora common share held on the effective date of the Arrangement. Upon closing of the Arrangement, SpinCo will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. SpinCo has applied to list the SpinCo Share on the TSX Venture Exchange (“**TSXV**”). As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares.

SpinCo is a company domiciled in Canada under the Canada Business Corporations Act and its registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

The Spinout Investment Business is engaged in the acquisition and management of the assets and rights.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Spinout Investment Business relating to the assets and rights that are to be spun out by Karora to SpinCo as more fully described in notes 4 and 5 below.

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. These carve-out financial statements, including comparatives, are prepared on a historical cost basis, applying IFRS Accounting Standards that are effective as at December 31, 2023.

These carve-out financial statements have been presented based on the amounts recorded by Karora. During the periods presented, the Spinout Investment Business did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these carve-out financial statements represent an extraction of the financial information relating to the Spinout Investment Business.

These carve-out financial statements may not be indicative of the Spinout Investment Business financial performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the Spinout Investment Business operated as an independent entity during the years presented. The following basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows, and changes of owner’s net investment of the Spinout Investment Business have been applied:

- All assets and liabilities of the companies disclosed in note 3 below that are directly attributed to the Spinout Investment Business have been extracted in these carve-out financial statements and;
- Common expenses incurred by the Karora group being General and Administration expenses have been allocated on a pro-rata basis to the Spinout Investment Business based on the level of Spinout Investment Business assets to the total Karora assets at the end of the 2023 year over the seven months from the May 8, 2023 Karora announced agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company. Nil allocation of common expenses has been allocated in 2022 on the basis of nil carrying value of assets in the Spinout Investment Business in 2022;
- Income taxes have been calculated as if the Spinout Investments Business had been a separate legal entity and had filed a separate tax return for the periods presented.

The Spinout Investment Business’s functional and presentation currency is Canadian dollars (\$).

These carve-out financial statements were authorized for issuance by the Board of Directors of Karora on June 14, 2024.

3. MATERIAL ACCOUNTING POLICIES

The Spinout Investment Business accounts for its investment in Kali as an investment in associate using the equity method. An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Spinout Investment Business has between 20% and 50% of the voting rights but can also arise where the Spinout Investment Business has less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity.

Under the equity method, the investment is initially recognized at cost, including transaction costs, and the carrying amount is increased or decreased to recognize the Spinout Investment Business’s share of profits

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

or losses of associates and other changes in the associate's net assets (such as further investment) after the date of acquisition. The Spinout Investment Business's share of profits or losses of associates is recognized in the statement of loss and comprehensive loss. Adjustments are made to align inconsistencies between the Spinout Investment Business's accounting policies and its associate's policies, if any, before applying the equity method. The Spinout Investment Business assesses at each period-end whether there is any objective evidence that its investments in associates are impaired. If impaired, the carrying value of the investment in associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of comprehensive income.

(a) Basis of measurement

These carve-out financial statements have been prepared on a historical cost basis. In addition, these carve-out financial statements have been prepared using the accrual basis of accounting except for cash flow information. The carve out financial statements include the relevant Spinout Investment Business assets and rights held by the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Beneficial Ownership	Activity
Karora (Higginsville) Pty Ltd. (formerly Avoca Mining Pty Ltd.)	Australia	100%	Gold miner and tenement holder
Avoca Resources Pty Ltd.	Australia	100%	Tenement holder
Corona Minerals Pty Ltd.	Australia	100%	Tenement holder
Karora Resources Pty Ltd.	Australia	100%	Australian holding company
Polar Metals Pty Ltd.	Australia	100%	Tenement holder

Foreign Currency Translation of Transactions

Items in the carve-out statement of loss and comprehensive loss are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items on the statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of entities with functional currencies other than the Canadian dollar are recognized in a separate component of equity through other comprehensive loss

(b) Significant accounting estimates and judgements

The preparation of these carve-out financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual outcomes could differ from these estimates and assumptions. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Spinout Investment Business's assets and liabilities are accounted for prospectively.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The key accounting judgment applied in the preparation of these carve-out financial statements relate to:

- the estimations used for the measurements of dilution and the share of earnings (loss) related to the investment in Kali; and
- the allocation of common costs of Karora attributable to the Spinout Investment Business, while assets and liabilities that are not directly attributable to the Spinout Investment Business have been excluded from these carve-out financial statements, as further described in note 2.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand as well as other highly liquid short-term investments with original maturities of three months or less or that can be redeemed at any time without penalties.

(d) Exploration and evaluation costs

In equity accounting for its Investment in Associate the Spinout Investment Business capitalizes all costs relating to the acquisition, exploration, and evaluation of mineral claims. These costs include:

- gathering exploration data through topographical and geological studies;
- exploration and exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

All proceeds received for farm-out arrangements, recovery of costs, and royalty sales against the cost of the related claims are offset against the capitalized costs. If proceeds exceed the capitalized costs of an exploration and evaluation asset, then a gain is recognized.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, capitalized expenditures are reclassified to mineral property interests.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as:

- Results of studies;
- Status of permits and rights and other agreements to allow access rights; and
- Approval by management and/or Board of Directors to proceed to development.

Upon transfer into mineral property interests, exploration and evaluation costs are immediately tested for impairment. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mineral property interests.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

(e) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes are not recognized where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not affect either accounting or taxable profit or loss, other than where the initial recognition of such an asset or liability arises in a business combination. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities or deferred tax assets against deferred tax liabilities and the respective assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) New accounting standards, amendments and interpretations

There are no IFRS Accounting Standards that are not yet effective or early adopted that are expected to have a material impact on the Spinout Investment Business.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

4. DUMONT ASSET

The Spinout Investment Business is party to an agreement that provides for the Spinout Investment Business to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont project (the “**Dumont Asset**”). Specifically, the Spinout Investment Business has the right to receive a portion of future proceeds of any future Dumont project sale or other monetization event. On a sale or other monetization event in excess of US\$65 million, the Spinout Investment Business will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US\$30 million. The Dumont Asset was assigned nominal value in Karora’s financial statements and was carried at cost subsequently, including in these financial statements that use carrying values from Karora’s consolidated financial statements. A receivable will be recognized at fair value of proceeds to be received when a qualifying sale or monetization event happens. As at December 31, 2023 and 2022, no project sale or monetization event had occurred.

5. INVESTMENT IN ASSOCIATE

The following table reflects the continuity of the investment in associate:

As at December 31, 2021 and 2022	\$-
Addition	7,170
As at December 31, 2023	\$7,170

On May 8, 2023 Karora announced an agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company. On December 29, 2023, the Spinout Investment Business exchanged the right to explore for Lithium over the majority of the Karora Higginsville Gold Operations tenement package (“**Tenements**”) for securities of Kali. If in future Kali mines lithium from the Tenements, Kali is obliged to pay a 1% net smelter royalty to the Spinout Investment Business. At this early stage no value has been assigned to this right. Kali was listed on the ASX through an initial public offering at A\$0.25 per share on January 8, 2024. The Spinout Investment Business holds 31,863,345 Kali shares (representing 37.9% at December 31, 2023 and 22.1% of Kali following the initial public offering on January 8, 2024). The Spinout Investment Business has one representative on the Kali board of directors. As a result of the level of share ownership and the right to appoint a director, the Spinout Investment Business accounts for its investment as an associate using the equity method of accounting. The initial carrying value was determined to be \$7.2 million based on the fair value of the investment in Kali. The shares are subject to escrow until January 8, 2026.

The following table provides summary information for Kali as at December 31, 2023. No share of earnings were reported for the two-day period from the acquisition date to December 31, 2023.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2023

Cash and cash equivalents	\$12,129
Other current assets	707
Non-current assets	19,181
Total assets	32,017
Current liabilities	13,099
Net assets	18,918
Percentage ownership	37.9%
Karora's share of net assets and carrying value	\$7,170

6. INCOME TAX

The major components of income tax recovery are as follows:

For the years ended December 31,	2023	2022
Tax expense applicable to:		
Deferred taxes	\$(122)	\$-
Total tax recovery	\$(122)	\$-

A reconciliation between tax recovery and the product of accounting loss multiplied by the Spinout Investment Business's domestic tax rate is as follows:

For the years ended December 31,	2023	2022
Statutory tax rate	30.0%	30.0%
Tax recovery at statutory rate	\$(122)	\$-
Total tax recovery	\$(122)	\$-

The Spinout Investment Business offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The following temporary differences have been recognized in the financial statements:

	Balance December 31, 2022	Recognized in Profit and Loss	Transferred from owner (note 2)	Balance December 31, 2023
Deferred tax assets (liabilities):				
Loss carry-forward	\$-	\$(122)	\$-	\$(122)
Other	-	-	1,984	1,984
Net deferred tax liabilities	\$-	\$(122)	\$1,984	\$1,862

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

At December 31, 2023 the Spinout Investment Business is subject to tax in Australia and to federal income taxes, provincial income taxes, and provincial mining taxes. Tax laws are complex and can be subject to different interpretations. Uncertainties exist with respect to the interpretation of tax regulations, including the determination of which mining exploration expenditures are eligible for refundable tax credits, and the amount and timing of collection. The Spinout Investment Business has prepared its tax provision based on the interpretations of tax laws which it believes represent the probable outcome. The Spinout Investment Business may be required to change its provision for income taxes if the tax authorities ultimately are not in agreement with the Spinout Investment Business's interpretation. Specifically, the deferred tax liability arises at the Australian company tax rate of 30% in relation to the Investment in Associate which was held in Australia.

7. OWNER'S NET INVESTMENT

Karora's investment in the operations of the Spinout Investment Business is presented as Owner's Net Investment in the carve-out financial statements. Owner's Net Investment represents the accumulated net contributions from the owner's net of the accumulated earnings of the operations. Net financing transactions with Karora as presented in the carve-out financial statements of cash flows represent the net contribution related to the funding of operations between the Spinout Investment Business and Karora.

8. RELATED PARTY TRANSACTIONS

There were no related party transactions for the period. It is noted that Kali remunerates its directors including the Spinout Investment Business representative.

9. FINANCIAL RISK FACTORS

The Spinout Investment Business is exposed to various financial risks in its financial instruments resulting from both its operations and its investment activities. Management is responsible for managing financial risks. The Spinout Investment Business does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Spinout Investment Business's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Spinout Investment Business reduces its credit risk on its cash by deposits and investments with major Canadian banks rated "A" or higher.

Liquidity Risk

Liquidity risk is the risk that the Spinout Investment Business will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The liquidity and operating results may be adversely affected if the Spinout Investment Business's access to capital markets or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Spinout Investment Business. The Spinout Investment Business regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Carve-Out Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

10. COMMITMENTS AND CONTINGENCY

As at December 31, 2023, the Spinout Investment Business had no commitments.

11. SEGMENTED INFORMATION

As at December 31, 2023, the Spinout Investment Business is treated as a single segment. The Spinout Investment Business assets are planned to be held in Canada. At December 31, 2024 the cash and Dumont Asset were held in Canada while the Investment in Associate and lithium royalty rights for the Higginsville tenement package were held in Australia.

For personal use only

SPINOUT INVESTMENT BUSINESS CARVE-OUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2023 and 2022

(In thousands of Canadian dollars)

For personal use only

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") of the Spinout Investment Business (as defined below) of Karora Resources Inc. should be read in conjunction with the Business' Carve-Out Financial Statements and the related notes for the years ended December 31, 2023 and 2022, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("**IFRS Accounting Standards**") and the audited Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**SpinCo**") Financial Statements for the period from incorporation on April 5, 2024 to May 31, 2024, prepared in accordance with IFRS Accounting Standards. This MD&A was prepared as of June 14, 2024 and all information is current as of such date, readers are encouraged to read Karora Resources Inc ("**Karora**") public information filings on SEDAR+ at www.sedarplus.ca.

The audited annual carve-out financial statements have been prepared on a carve-out basis and reflect the historical results of the Spinout Investment Business. The carve-out financial statements are not necessarily indicative of results that would have been realized if the Business was operated separately as a stand-alone company during the years presented, nor will they necessarily be indicative of future results of the Business as they will exist upon completion of the Arrangement (as defined below). The basis of presentation is more fully described in the accounting policies and estimates section of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors of Karora, considers information to be material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Results are reported in Canadian dollars, unless otherwise noted, US\$ refers to US dollar amounts and A\$ refers to Australian dollars.

OVERVIEW

PROPOSED ARRANGEMENT

On April 8, 2024 Karora and Australian Stock Exchange ("**ASX**") listed Westgold Resources Limited ("**Westgold**") entered into an arrangement agreement pursuant to which Westgold will indirectly acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement ("**Plan of Arrangement**") under the Canada Business Corporations Act ("**Arrangement**"). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes casts by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature.

If effective, the Arrangement contemplates the following Karora assets and rights (the "**Transfer Assets**" or the "**Spinout Investment Business**") being transferred to SpinCo in accordance with the contribution agreement to be entered into between Karora and SpinCo and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and SpinCo may agree, which in

For personal use only

respect of the shares of Kali Metals Limited ("**Kali**") may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million;
- investment in associate, Kali, whose ordinary shares are listed on the ASX; and
- lithium royalty rights for the Higginsville tenement package.

Under the Arrangement, Karora shareholders will receive 0.3 of a Spinco share for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, Spinco will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to Spinco. Spinco has applied to list the Spinco shares on the TSX Venture Exchange (the "**TSXV**"). As of the date hereof, the TSXV has not conditionally approved the listing of Spinco shares and there can be no assurance that the TSXV will approve the listing application for the Spinco shares.

OPERATIONS AND FINANCIAL POSITION

<i>(in thousands of dollars)</i>	December 31, 2023	December 31, 2022
Cash	\$5,000	-
Investment in Associate	7,170	-
Total assets	12,170	-
Non-current liabilities - Deferred tax liability	1,862	-
Total liabilities	1,862	-
Owner's net investment	10,308	-

The Spinout Investment Business consists of:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million ("**Dumont Asset**");
- investment in associate, Kali shares listed on the ASX;
- lithium royalty rights for the Higginsville tenement package.

DUMONT ASSET

The Spinout Investment Business is party to an agreement that provides for the Spinout Investment Business to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont project. Specifically, the Spinout Investment Business has the right to receive a portion of future proceeds of any future Dumont sale or other monetization event. On a sale or other monetization event, in excess of US\$65 million, the Spinout Investment Business will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US\$30 million. The Dumont Asset was assigned nominal value in Karora's financial statements and was carried at cost subsequently, including in these financial statements that use carrying values from Karora's consolidated financial statements. A receivable will be recognized at fair value of proceeds to be received when a qualifying sale or monetization event happens. As at December 31, 2023 and 2022, no project sale or monetization event had occurred.

INVESTMENT IN ASSOCIATE

On May 8, 2023 Karora announced an agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company. On December 29, 2023, the Spinout Investment Business exchanged the right to explore for Lithium over the majority of the Karora Higginsville Gold Operations tenement package (“Tenements”) for shares of Kali. Kali was listed on the ASX through an initial public offering at A\$0.25 per share on January 8, 2024 (refer to the Kali Prospectus released on the ASX platform on January 4, 2024). The Spinout Investment Business holds 31,863,345 Kali shares (37.9% of the Kali issued capital as at December 31, 2023 and 22.1% following the initial public offering (“IPO”) on January 8, 2024). As a result of the IPO, a dilution loss of \$136k was recorded in the quarter ended March 31, 2024. The Spinout Investment Business has one representative on the Kali board of directors. As a result of the level of share ownership and the right to appoint a director, the Spinout Investment Business accounts for its investment as an associate using the equity method of accounting. The initial carrying value of the investment of \$7.2 million was determined based on the fair value of the equity share in Kali and was consistent with the valuation of Kali implied by the initial public offering completed on January 8, 2024.

The shares are subject to escrow until January 8, 2026

Kali released their March 2024 Quarterly Activities Report to the ASX on April 29, 2024 reporting that the Kali IPO had closed heavily oversubscribed raising the maximum A\$15 million. Kali’s exploration focus since listing had predominately been on the Higginsville lithium district, in the Eastern Yilgarn region of Western Australia, with minor exploration activities at the Pilbara and Lachlan Fold Belt projects. Kali commenced its maiden drill program comprising 10,000 metres of reverse circulation drilling at a prospect at the Spargoville project. Kali reported assays from rock chip samples from the Spargoville project had returned results up to 5.05% Li₂O (refer Kali announcement to ASX dated April 29, 2024). Kali reported a closing cash position at March 31, 2024 of A\$12.28 million.

LITHIUM ROYALTY RIGHTS

The Spinout Investment Business holds a right that if in future Kali mines lithium from the Tenements, Kali is obliged to pay a 1% net smelter royalty to the Business. At December 31, 2023 no carrying value has been attributed to the Lithium Royalty Rights on the basis that Kali has not established a Lithium Mineral Resource estimate to underpin any estimate of value.

FINANCIAL RESULTS

GENERAL AND ADMINISTRATIVE EXPENSES

(in thousands of dollars)

For the years ended December 31,	2023	2022
General and Administrative expenses	\$405	-
Income tax recovery - deferred	(122)	-
Net loss	283	-

Common expenses incurred by the Karora group being General and Administration expenses have been allocated on a pro-rata basis to the Spinout Investment Business based on the level of Spinout Investment Business assets to the total assets of Karora at the end of the 2023 year over the seven months from the May 8, 2023 Karora announced agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company. Nil allocation of common expenses has been allocated in 2022 on the basis of nil carrying value for assets in the carve out financial statements for 2022.

CASH FLOWS

(in thousands of dollars)

For the years ended December 31,	2023	2022	Change
Cash used in operating activities	\$(405)	-	(405)
Cash provided by financing activities	5,405	-	5,405
Change in cash	\$5,000	-	\$5,000

OPERATING ACTIVITIES

For the twelve months ended December 31, 2023, the Spinout Investment Business was funded by Karora. The \$405,000 outflow for 2023 represents the allocation of common expenses for the period. There were nil common expenses allocated for the 2022 year as the Business was not active in this period.

FINANCING ACTIVITIES

For the twelve months ended December 31, 2023, financing activities of \$5,405,000 represented Karora investment of \$5 million cash and funding of the Spinout Investment Business activity compared to using \$nil in the comparable period in 2022. The primary uses of cash in 2023 were \$405,000 allocation of common general and administrative expenses allocated to the Spinout Investment Business.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Business does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Business considers potential acquisitions, joint ventures, and other opportunities. The Business will disclose such an opportunity if and when required under applicable securities rules.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is disclosure of the Business' critical accounting policies and accounting estimates in note 4 of the audited carve-out financial statements for the year ended December 31, 2023.

The preparation of these carve-out financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual outcomes could differ from these estimates and assumptions. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Spinout Investment Business' assets and liabilities are accounted for prospectively.

For personal use only

The key accounting judgment applied in the preparation of these carve-out financial statements relate to:

- the estimations used for the measurements of dilution and the share of earnings (loss) related to the investment in Kali; and
- the allocation of common costs of Karora attributable to the Spinout Investment Business, while assets and liabilities that are not directly attributable to the Spinout Investment Business have been excluded from these carve-out financial statements.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

As of the date of this MD&A, the Business does not have any contractual commitments and contingencies.

ADDITIONAL INFORMATION

Additional information relating to Karora can be found on SEDAR+ at www.sedarplus.ca, or on Karora's web-site at www.karoraresources.com.

**SPINOUT INVESTMENT BUSINESS
OF KARORA RESOURCES INC.**

**UNAUDITED CONDENSED INTERIM
CARVE-OUT FINANCIAL STATEMENTS**

Three months ended March 31, 2024 and 2023
(in thousands of Canadian dollars)



June 14, 2024

To the Audit Committee of Karora Resources Inc.

In accordance with our engagement letter dated June 4, 2024, we have performed interim reviews of the unaudited condensed interim carve-out financial statements (interim financial statements) of the Spinout Investment Business of Karora Resources Inc. (the Spinout Investment Business) consisting of:

- the condensed interim carve-out statement of financial position as at March 31, 2024;
- the condensed interim carve-out statements of loss and comprehensive loss for the three-month periods ended March 31, 2024 and 2023;
- the condensed interim carve-out statements of cash flows for the three-month periods ended March 31, 2024 and 2023;
- the condensed interim carve-out statements of changes of owner's net investment for the three-month periods ended March 31, 2024 and 2023; and
- the related notes.

These interim financial statements are the responsibility of management.

We performed our interim reviews in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim reviews, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with IFRS Accounting Standards.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

For personal use only



We have previously audited, in accordance with Canadian generally accepted auditing standards, the carve-out statements of financial position of the Spinout Investment Business as at December 31, 2023 and 2022, and the related carve-out statements of loss and comprehensive loss, cash flows and changes of owner's net investment for the years then ended and related notes (not presented herein). In our report dated June 14, 2024, we expressed an unmodified audit opinion on those carve-out financial statements. In our opinion, the information set forth in the accompanying condensed interim carve-out statement of financial position as at December 31, 2023, is fairly stated, in all material respects, in relation to the carve-out financial statements from which it has been derived.

This report is solely for the use of the Audit Committee of Karora Resources Inc. to assist it in discharging its obligation to review these interim financial statements, and should not be used for any other purpose.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

For personal use only

TABLE OF CONTENTS

Interim Carve-Out Statements of Financial Position	2
Interim Carve-Out Statements of Loss and Comprehensive Loss	3
Interim Carve-Out Statements of Cash Flows	4
Interim Carve-Out Statement of Changes of Owner's Net Investment	6

Interim Carve-Out Statements of Financial Position
(Expressed in thousands of Canadian dollars)

As at	Note	March 31, 2024 \$	December 31, 2023 \$
ASSETS			
Current assets			
Cash		5,000	5,000
		5,000	5,000
Non-current assets			
Investment in associate	4	6,804	7,170
Total assets		11,804	12,170
LIABILITIES AND EQUITY			
Non-current liabilities			
Deferred tax liability		1,711	1,862
Total liabilities		1,711	1,862
Owner's net investment			
Owner's net investment	5	10,729	10,591
Deficit		(636)	(283)
Total owner's net investment		10,093	10,308
Total liabilities and owner's net investment		11,804	12,170

The accompanying notes are an integral part of these unaudited condensed interim carve-out financial statements.

Interim Carve-Out Statements of Loss and Comprehensive Loss
 (Expressed in thousands of Canadian dollars, except per share amounts)

For the periods ended March 31,	Note	2024 \$	2023 \$
General and administrative		138	-
Loss on dilution of investment in associate	4	136	-
Share of loss in associate	4	230	-
Net loss before taxes		(504)	-
Income tax recovery - deferred		151	-
Net loss and comprehensive loss		(353)	-

For personal use only

The accompanying notes are an integral part of these unaudited condensed interim carve-out financial statements.

Interim Carve-Out Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

For the periods ended March 31,	2024 \$	2023 \$
Cash flow provided by (used in)		
OPERATING ACTIVITIES		
Net loss	(353)	-
Changes not affecting cash:		
Income tax recovery	(151)	-
Loss on dilution of investment in associate	136	-
Share of loss in associate	230	-
Net cash used in operating activities	(138)	-
FINANCING ACTIVITIES		
Net contributions from owner	138	-
Net cash provided by financing activities	138	-
Net change in cash	-	-
Cash, beginning of period	5,000	-
Cash, end of period	5,000	-

The accompanying notes are an integral part of these unaudited condensed interim carve-out financial statements.

Interim Carve-Out Statement of Changes of Owner's Net Investment
 (Expressed in thousands of Canadian dollars, except share numbers)

For the three months ended March 31,	<i>Note</i>	2024 \$	2023 \$
Owner's net investment, beginning of period		10,308	-
Net contributions from owner		138	-
Total comprehensive loss		(353)	-
Owner's net investment, end of period	5	10,093	-

The accompanying notes are an integral part of these unaudited condensed interim carve-out financial statements.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Unaudited Condensed Interim Carve-Out Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

1. ARRANGEMENT AGREEMENT

On April 8, 2024 Karora Resources Inc. (“**Karora**” or the “**Corporation**”) and Australian Stock Exchange (“**ASX**”) listed issuer Westgold Resources Limited (“**Westgold**”) entered into an arrangement agreement pursuant to which Westgold will indirectly acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement (“**Plan of Arrangement**”) under the Canada Business Corporations Act (“**Arrangement**”). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes casts by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. If effective, the Arrangement contemplates the following Karora assets and rights (the “**Transferred Assets**”) which form the “**Spinout Investment Business**”, will be transferred to a new corporate vehicle, Culico Metals Inc. (formerly 1000853883 Ontario Inc.) incorporated on April 5, 2024 (“**SpinCo**”) in accordance with the contribution agreement to be entered into between Karora and SpinCo and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and SpinCo may agree, which in respect of the shares of Kali Metals Limited (“**Kali**”) may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million (note 3);
- lithium royalty rights for the Higginsville tenement package; and
- investment in associate, Kali, whose ordinary shares are listed on the ASX (note 4).

Under the Arrangement, Karora shareholders will receive 0.3 of a SpinCo share for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, SpinCo will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. SpinCo has applied to list the SpinCo shares on the TSX Venture Exchange (“**TSXV**”). As of the date hereof, the TSXV has not conditionally approved the listing of SpinCo shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo shares.

SpinCo is a company domiciled in Canada under the Canada Business Corporations Act and its registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

The Spinout Investment Business is engaged in the acquisition and management of the assets and rights.

These unaudited condensed interim carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the Spinout Investment Business relating to the assets and rights that are to be spun out by Karora to SpinCo as more fully described in notes 3 and 4 below.

Spinout Investment Business of Karora Resources Inc.

Notes to the Unaudited Condensed Interim Carve-Out Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited condensed interim carve-out financial statements have been presented based on the amounts recorded by Karora. During the periods presented, the Spinout Investment Business did not operate as an independent entity, and accordingly, standalone financial information does not exist. Accordingly, these unaudited condensed interim carve-out financial statements represent an extraction of the financial information relating to the Spinout Investment Business.

These unaudited condensed carve-out consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

These unaudited condensed interim carve-out financial statements may not be indicative of the Spinout Investment Business financial performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the Spinout Investment Business operated as an independent entity during the years presented. The following basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows, and changes of owner's net investment of the Spinout Investment Business have been applied:

- All assets and liabilities of the companies disclosed in note 3 below that are directly attributed to the Spinout Investment Business have been extracted in these unaudited condensed interim carve-out financial statements;
- Common expenses incurred by the Karora group being General and Administration expenses have been allocated on a pro-rata basis to the Spinout Investment Business based on the level of Spinout Investment Business assets to the total assets at the current reporting period. The comparative period had no activity;
- Income taxes have been calculated as if the Spinout Investments Business had been a separate legal entity and had filed a separate tax return for the periods presented.

These unaudited condensed interim carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These unaudited condensed interim financial statements should be read in conjunction with the Spinout Investment Business's audited annual financial statements for the year ended December 31, 2023.

The Spinout Investment Business's functional and presentation currency is Canadian dollars (\$).

These unaudited condensed interim carve-out financial statements were authorized for issuance by the Board of Directors of Karora on June 14, 2024.

(a) Basis of preparation

The accounting policies followed in these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Spinout Investment Business's audited annual financial statements for the year ended December 31, 2023.

Spinout Investment Business of Karora Resources Inc.

Notes to the Unaudited Condensed Interim Carve-Out Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

3. DUMONT ASSET

The Spinout Investment Business is party to an agreement that provides for the Spinout Investment Business to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont project (the “Dumont Asset”). Specifically, the Spinout Investment Business has the right to receive a portion of future proceeds of any future Dumont project sale or other monetization event. On a sale or other monetization event in excess of US\$65 million, the Spinout Investment Business will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US\$30 million. The Dumont Asset was assigned nominal value in Karora’s financial statements and was carried at cost subsequently, including in these financial statements that use carrying values from Karora’s consolidated financial statements. A receivable will be recognized at fair value of proceeds to be received when a qualifying sale or monetization event happens. As at March 31, 2024 and December 31, 2023, no project sale or monetization event had occurred.

4. INVESTMENT IN ASSOCIATE

The Spinout Investment Business holds 31,863,345 shares representing at March 31, 2024, a 22.1% interest in Kali (37.9% at December 31, 2023 before the initial public offering closed in early January 2024). As a result of the level of share ownership and the right to appoint a director, the Spinout Investment Business accounts for its investment as an associate using the equity method of accounting. The carrying value was \$6.8 million on March 31, 2024. The Kali shares closing price on the Australian Stock Exchange at March 31, 2024 was A\$0.445 per share valuing the Spinout Investment Business’s share holding at approximately \$12.5 million. The shares are subject to escrow until January 8, 2026.

Kali is listed on the ASX and makes market announcements on the ASX platform (under ticker symbol KM1). Kali is not required to file quarterly financial statements, so for the purposes of these unaudited condensed interim carve-out financial statements an estimate of the Spinout Investment Business’s share of associate loss for the three months ended March 31, 2024 has been calculated. The Spinout Investment Business will update this estimate once final publicly released information becomes available. A dilution loss as a result of the Kali completing initial public offering in January 2024 and issuing additional shares was also reflected in this quarter. It was calculated as a difference between i) the portion of the carrying value of the investment in Kali derecognized as a result of the decrease in the interest in Kali from 37.9% to 22.1% and ii) the Spinout Investment Business’ share of proceeds net of transaction costs received by Kali from the IPO.

As at December 31, 2023	\$7,170
Loss on dilution	(136)
Share of loss in associate	(230)
As at March 31, 2024	\$6,804

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Unaudited Condensed Interim Carve-Out Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

5. OWNER'S NET INVESTMENT

Karora's investment in the operations of the Spinout Investment Business is presented as Owner's Net Investment in the unaudited condensed interim carve-out financial statements. Owner's Net Investment represents the accumulated net contributions from the owner's net of the accumulated losses of the operations. Net financing transactions with Karora as presented in the unaudited condensed interim carve-out financial statements of cash flows represent the net contribution related to the funding of operations between the Spinout Investment Business and Karora.

6. RELATED PARTY TRANSACTIONS

There were no related party transactions for the period. It is noted that Kali remunerates its directors including the Spinout Investment Business representative.

7. FINANCIAL RISK FACTORS

The Spinout Investment Business is exposed to various financial risks in its financial instruments resulting from both its operations and its investment activities. The Spinout Investment Business's management manages financial risks. The Spinout Investment Business does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Spinout Investment Business's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Spinout Investment Business reduces its credit risk on its cash by deposits and investments with major Canadian banks rated "A" or higher.

Liquidity Risk

Liquidity risk is the risk that the Spinout Investment Business will not have sufficient cash resources to meet its financial obligations associated with financial liabilities as they come due. The liquidity and operating results may be adversely affected if the Spinout Investment Business's access to capital markets or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Spinout Investment Business. Most of the Spinout Investment Business's financial liabilities are subject to normal trade terms with the exception of long-term debt, share incentive plans, derivative financial liabilities and lease obligations. The Spinout Investment Business regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

For personal use only

Spinout Investment Business of Karora Resources Inc.

Notes to the Unaudited Condensed Interim Carve-Out Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

8. COMMITMENTS AND CONTINGENCY

As at March 31, 2024, the Spinout Investment Business had no commitments.

9. SEGMENTED INFORMATION

As at March 31, 2024, the Spinout Investment Business is treated as a single segment. The Spinout Investment Business assets are planned to be held in Canada. At December 31, 2024 the cash and Dumont Asset were held in Canada while the Investment in Associate and lithium royalty rights for the Higginsville tenement package were held in Australia.

For personal use only

**SPINOUT INVESTMENT BUSINESS CARVE-OUT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2024 and 2023
(In thousands of Canadian dollars)

For personal use only

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") of the Spinout Investment Business (as defined below) of Karora Resources Inc. ("**Karora**") should be read in conjunction with the Business's unaudited Carve-Out Condensed Interim Financial Statements and the related notes for the three months ended March 31, 2024 and 2023 prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("**IFRS Accounting Standards**") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, the audited Carve-Out Financial Statements and the related notes for the years ended December 31, 2023, and 2022 and the audited Culico Metals Inc. (formerly 1000853883 Ontario Inc.) ("**SpinCo**") Financial Statements for the period from incorporation on April 5, 2024 to May 31, 2024, prepared in accordance with IFRS Accounting Standards. This MD&A was prepared as of June 14, 2024 and all information is current as of such date, readers are encouraged to read Karora public information filings on SEDAR+ at www.sedarplus.ca.

The carve-out financial statements have been prepared on a carve-out basis and reflect the historical results of the Spinout Investment Business. The carve-out financial statements are not necessarily indicative of results that would have been realized if the Business was operated separately as a stand-alone company during the years presented, nor will they necessarily be indicative of future results of the Business as they will exist upon completion of the Arrangement (as defined below). The basis of presentation is more fully described in the accounting policies and estimates section of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors of Karora, considers information to be material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Results are reported in Canadian dollars, unless otherwise noted, US\$ refers to US dollar amounts and A\$ refers to Australian dollars.

OVERVIEW

PROPOSED ARRANGEMENT

On April 8, 2024 Karora Resources Inc ("**Karora**") and Australian Stock Exchange ("**ASX**") listed issuer Westgold Resources Limited ("**Westgold**") entered into an arrangement agreement pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement ("**Plan of Arrangement**") under the Canada Business Corporations Act ("**Arrangement**"). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes casts by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. If effective, the Arrangement contemplates the following Karora assets and rights (the "**Transferred Assets**" or the "**Spinout Investment Business**") being transferred to SpinCo in accordance with the contribution agreement to be entered into between Karora and SpinCo and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and SpinCo may agree, which in

respect of the shares of Kali Metals Limited ("**Kali**") may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million;
- investment in associate, Kali, whose ordinary shares are listed on the ASX; and
- lithium royalty rights for the Higginsville tenement package.

Under the Arrangement, Karora shareholders will receive 0.3 of a SpinCo share for every Karora share held on the effective date of the Arrangement. Upon closing of the Arrangement, SpinCo will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. SpinCo has applied to list the SpinCo shares on the TSX Venture Exchange (the "TSXV"). As of the date hereof, the TSXV has not conditionally approved the listing of the Company shares and there can be no assurance that the TSXV will approve the listing application for the Company shares.

OPERATIONS AND FINANCIAL POSITION

<i>(in thousands of dollars)</i>	March 31,	December 31,
	2024	2023
Cash	\$5,000	\$5,000
Investment in associate	6,804	7,170
Total assets	11,804	12,170
Current liabilities	-	-
Non-current liabilities - Deferred tax liability	1,711	1,862
Total liabilities	1,711	1,862
Shareholders' equity	10,093	10,308

The Spinout Investment Business consists of:

- \$5 million cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million ("**Dumont Asset**");
- investment in associate, Kali shares listed on the ASX; and
- lithium royalty rights for the Higginsville tenement package.

DUMONT ASSET

The Spinout Investment Business is party to an agreement that provides for the Spinout Investment Business to receive up to US\$30 million in relation to a trailing asset sale proceeds for the Dumont nickel asset. Specifically, the Spinout Investment Business has the right to receive a portion of future proceeds of any future Dumont sale or other monetization event. On a sale or other monetization event, the Spinout Investment Business will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US\$ 30 million. As at March 31, 2024 and December 31, 2023, the Spinout Investment Business determined there was insufficient certainty of receiving proceeds from this agreement to record a financial asset.

For personal use only

INVESTMENT IN ASSOCIATE

On May 8, 2023 Karora announced an agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company.

On December 29, 2023, the Spinout Investment Business exchanged the right to explore for Lithium over the majority of the Karora Higginsville Gold Operations tenement package (“**Tenements**”) for shares of Kali. Kali was listed on the ASX through an initial public offering at A\$0.25 per share on January 8, 2024 (“**IPO**”). The Spinout Investment Business holds 31,863,345 Kali shares being 22.1% of the issued common shares of Kali at March 31, 2024 (37.9% at December 31, 2023 prior to the IPO). The Spinout Investment Business has one representative on the Kali board of directors. As a result of the level of share ownership and the right to appoint a director, the Spinout Investment Business accounts for its investment as an associate using the equity method of accounting. The carrying value at March 31, 2023 was \$6.8 million (\$7.2 million at December 31, 2023). Kali is listed on the ASX and makes market announcements on the ASX platform (under ticker symbol KM1). Kali is not required to file quarterly financial statements, so for the purposes of these unaudited condensed interim carve-out financial statements an estimate of the Spinout Investment Business’s share of associate loss for the three months ended March 31, 2024 has been calculated. The Spinout Investment Business will update this estimate once final publicly released information becomes available. A dilution loss as a result of the Kali completing initial public offering in January 2024 and issuing additional shares was also reflected in this quarter. It was calculated as a difference between i) the portion of the carrying value of the investment in Kali derecognized as a result of the decrease in the interest in Kali from 37.9% to 22.1% and ii) the Spinout Investment Business’ share of proceeds net of transaction costs received by Kali from the IPO.

The shares are subject to escrow until January 8, 2026.

Kali released their March 2024 Quarterly Activities Report to the ASX on April 29, 2024 reporting that the Kali IPO had closed heavily oversubscribed raising the maximum A\$15 million. Kali’s exploration focus since listing had predominately been on the Higginsville lithium district, in the Eastern Yilgarn region of Western Australia, with minor exploration activities at the Pilbara and Lachlan Fold Belt projects. Kali commenced its maiden drill program comprising 10,000 metres of reverse circulation drilling at a prospect at the Spargoville project. Kali reported assays from rock chip samples from the Spargoville project had returned results up to 5.05% Li₂O (refer Kali announcement to ASX dated April 29, 2024). Kali reported a closing cash position at March 31, 2024 of A\$12.28 million.

LITHIUM ROYALTY RIGHTS

As a part of the Lithium Rights divestment to Kali the Spinout Investment Business holds a right that if in future Kali mines lithium from the Tenements, Kali is obliged to pay a 1% net smelter royalty to the Spinout Investment Business. No carrying value has been attributed to the Lithium Royalty Rights on the basis that Kali has not established a Lithium Mineral Resource estimate to underpin any estimate of carrying value.

For personal use only

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2024	2023
General and administrative	\$138	-
Loss on dilution of investment in associate	136	-
Share of loss in associate	230	-
Net loss before taxes	504	-

GENERAL AND ADMINISTRATIVE EXPENSES

Common expenses incurred by the Karora group being General and Administration expenses have been allocated on a pro-rata basis to the Spinout Investment Business based on the level of Spinout Investment Business assets to the total Karora assets at the end of the current reporting period. The comparative period had no activity.

CASH FLOWS

(in thousands of dollars)

For the three months ended March 31,	2024	2023	Change
Cash provided by operating activities	(138)	-	(138)
Cash used in investing activities	-	-	-
Cash used in financing activities	138	-	138
Change in cash and cash equivalents	-	-	-

OPERATING ACTIVITIES

For the three months ended March 31, 2024, the Spinout Investment Business was funded by Karora. The \$138,000 outflow for the first quarter of 2024 represents the allocation of common expenses for the period, as compared to \$nil for the comparable March 2023 period. The allocation in the current period reflects a proportion of Karora general and administrative costs based on relative asset holding of the Spinout Investment Business over the total Karora assets. The Spinout Investment Business had no activity in the comparable period.

INVESTING ACTIVITIES

There was nil net cash used in investing activities for both the three months ended March 31, 2024 and the comparable period in 2023. The Spinout Investment Business became materially active in the second half of 2023 following the announcement on May 8, 2023 of the agreement with ASX listed Kalamazoo Resources Limited to create a lithium and critical metals exploration company. Initial capital and transaction costs were incurred and funded by Karora. Post listing the investment activities are conducted by Kali and not reflected in the Spinout Investment Business accounts.

FINANCING ACTIVITIES

For the three months ended March 31, 2024, financing activities of \$138,000 represented funding by Karora of the Spinout Investment Business activity, compared to using \$nil for the comparable period in 2023. The primary use of cash in the current period was the funding of the allocation of common general and administrative expenses allocated to the Spinout Investment Business.

For personal use only

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Business does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Business considers potential acquisitions, joint ventures, and other opportunities. The Business will disclose such an opportunity if and when required under applicable securities rules.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is disclosure of the Business's critical accounting policies and accounting estimates in note 3 of the audited carve-out financial statements for the year ended December 31, 2023.

The preparation of the carve-out financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenditures on the financial statements. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Actual outcomes could differ from these estimates and assumptions. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Spinout Investment Business's assets and liabilities are accounted for prospectively.

The key accounting judgment applied in the preparation of these carve-out financial statements relate to:

- the estimations used for the measurements of dilution and the share of earnings (loss) related to the investment in Kali; and
- the allocation of common costs of Karora attributable to the Spinout Investment Business, while assets and liabilities that are not directly attributable to the Spinout Investment Business have been excluded from these carve-out financial statements.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

As of the date of this MD&A, the Business does not have any contractual commitments and contingencies.

ADDITIONAL INFORMATION

Additional information relating to Karora can be found on SEDAR+ at www.sedarplus.ca, or on Karora's web-site at www.karoraresources.com.

For personal use only

CULICO METALS INC.
(formerly 1000853883 Ontario Inc.)

PRO FORMA STATEMENT OF FINANCIAL POSITION

March 31, 2024
(in Canadian dollars)

TABLE OF CONTENTS

Pro Forma Statement of Financial Position	2
Notes to the Pro Forma Financial Statements	3

For personal use only

Pro Forma Statement of Financial Position

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

	Spinco \$	Spinout Investment Business March 31, 2024	Pro Forma Adjustments		Spinco Pro Forma \$
			\$	Note	
ASSETS					
Current assets					
Cash and cash equivalents	1	5,000,000	-		5,000,001
Total current assets	1	5,000,000	-		5,000,001
Non-current assets					
Other asset - lithium royalty	-	-	1	4b	1
Investment in associate	-	6,804,000	5,712,000	4c	12,516,000
Total non-current assets	-	6,804,000	5,712,001		12,516,001
Total assets	1	11,804,000	5,712,001		17,516,002
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	-	-	2,000,000	4d	2,000,000
Total current liabilities	-	-	2,000,000		2,000,000
Non-current liabilities					
Deferred tax liability	-	1,711,000	(1,711,000)	4f	-
Total non-current liabilities	-	1,711,000	(1,711,000)		-
Total liabilities	-	1,711,000	289,000		2,000,000
SHAREHOLDERS' EQUITY					
Share capital	1	-	18,152,001	4b, 4c, 4f, 5	18,152,002
Owner's net investment	-	10,729,000	(10,729,000)	4g	-
Deficit	-	(636,000)	(2,000,000)	4d	(2,636,000)
Total shareholders' equity	1	10,093,000	5,423,001		15,516,002
Total liabilities and shareholders' equity	1	11,804,000	5,712,001		17,516,002

The accompanying notes are an integral part of these financial statements

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Pro Forma Financial Statements
As at March 31, 2024
(Unaudited – prepared by management)
(Expressed in Canadian dollars, unless otherwise indicated)

Notes to the Pro Forma Financial Statements

1. PLAN OF ARRANGEMENT

These unaudited pro forma financial statements of Culico Metals Inc. (formerly 1000853883 Ontario Inc.) (“**SpinCo**” or the “**Company**”) have been prepared for inclusion in the Information Circular of Karora Resources Inc. (“**Karora**”) dated June 14, 2024. They should be read in conjunction with the May 31, 2024 audited financial statements of SpinCo and the audited carve-out financial statements of the Spinout Investment Business (as defined below) of Karora as at and for the year ended December 31, 2023 and the unaudited condensed carve-out interim financial statements of the Spinout Investment Business of Karora as at and for the period ended March 31, 2024.

On April 8, 2024, Karora and Australian Stock Exchange (“**ASX**”) listed issuer Westgold Resources Limited (“**Westgold**”) entered into an arrangement agreement pursuant to which Westgold will indirectly acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement (the “**Plan of Arrangement**”) under the Canada Business Corporations Act (the “**Arrangement**”). The completion of the Arrangement is subject to the approval by 66^{2/3}% of the votes cast by Karora shareholders and if required under Canadian law, a simple majority of the votes cast by Karora shareholders excluding for this purpose the votes held by any person required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to shareholder and court approvals, the Arrangement is subject to applicable regulatory approvals, including those of the Foreign Investment Review Board, the Toronto Stock Exchange and the ASX, and the satisfaction of certain other closing conditions customary for a transaction of this nature. If effective, the Arrangement contemplates Karora transferring to SpinCo (a newly incorporated wholly owned subsidiary), directly or indirectly through its subsidiaries Karora Resources Pty Ltd, Karora (Higginsville) Pty Ltd, Avoca Resources Pty Ltd, Corona Minerals Pty Ltd, and Polar Metals Pty Ltd, the following assets and rights (the “**Transferred Assets**”) in accordance with the contribution agreement to be entered into between Karora and SpinCo and the Plan of Arrangement effective on the effective date of the Arrangement or such other date as the Karora and SpinCo may agree, which in respect of the shares of Kali Metals Limited (“**Kali**”) may be the date on which such shares are released from escrow restrictions that were imposed by the ASX on such shares:

- \$5 million in cash;
- right to receive the trailing asset sale proceeds for the Dumont asset being an amount up to US\$30 million (“**Dumont Asset**”);
- investment in associate, Kali, whose ordinary shares are listed on the ASX; and
- 1% lithium royalty for any lithium mined by Kali from the relevant Higginsville tenement package (collectively, the “**Royalty Rights**”);

(collectively the “**Spinout Investment Business**”).

For personal use only

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Pro Forma Financial Statements

As at March 31, 2024

(Unaudited – prepared by management)

(Expressed in Canadian dollars, unless otherwise indicated)

Under the Arrangement, Karora shareholders will receive 0.3 of a common share of SpinCo (a "**SpinCo Share**") for every Karora common share held on the effective date of the Arrangement. Upon closing of the Arrangement, SpinCo will be 100% owned by the existing shareholders of Karora. It is a condition precedent to the Arrangement that all key regulatory and third-party consents and approvals are obtained in relation to the transfer of certain Transferred Assets to SpinCo. SpinCo has applied to list the SpinCo Share on the TSX Venture Exchange ("**TSXV**"). As of the date hereof, the TSXV has not conditionally approved the listing of the SpinCo Shares and there can be no assurance that the TSXV will approve the listing application for the SpinCo Shares.

SpinCo is a company domiciled in Canada and was incorporated on April 5, 2024, under the Canada Business Corporations Act. The Company's registered office is located at 100 King Street West, Suite 3400, 1 First Canadian Place, Toronto, Ontario, M5X 1A4, Canada.

2. BASIS OF PREPARATION

The unaudited pro forma statement of financial position is prepared to give effect to and reflect the transactions as described in Note 1 (the "**Transactions**") and the pro forma assumptions and adjustment described in note 4 below. The unaudited pro forma statement of financial position as at March 31, 2024 was prepared using the audited SpinCo financial statements for the period from incorporation on April 5, 2024 to May 31, 2024 and the unaudited carve-out financial statements of the Spinout Investment Business of Karora Resources Inc. as at and for the period ended March 31, 2024, as included in the Information Circular, reflecting the Transactions as if they occurred on March 31, 2024.

This pro forma statement of financial position is not intended to reflect the financial position that would have occurred if the events reflected therein had been in effect at the dates indicated. Further, this pro forma statement of financial position is not necessarily indicative of the financial position that may be obtained in the future.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited pro forma statement of financial position are those as set out in the audited carve-out financial statements of the Spinout Investment Business of Karora as at and for the year ended December 31, 2023.

For personal use only

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Pro Forma Financial Statements
As at March 31, 2024
(Unaudited – prepared by management)
(Expressed in Canadian dollars, unless otherwise indicated)

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma statement of financial position incorporates the following pro forma adjustment and assumption:

- a) Karora has agreed to transfer the Dumont Asset to SpinCo in exchange for shares in SpinCo, on or prior to the effective date of the Arrangement. As the transfer of the Dumont Asset does not impact the occurrence of a future sale of the Dumont project that would trigger a payment under the agreement, no pro forma adjustment is recognised;
- b) Karora has agreed to transfer the Royalty Rights into SpinCo for nominal consideration of \$1 in exchange for shares in SpinCo, on or prior to the effective date of the Arrangement. Agreements to reflect a sale by each royalty owner to SpinCo will be completed;
- c) Karora has agreed to transfer the 31,863,345 shares it holds in Kali at market value established by the share price of Kali shares as traded on the ASX into SpinCo. For the purposes of the pro forma statement of financial position, the market price of Kali shares at the transfer date is assumed to reflect the closing share price on the ASX for Kali shares on March 31, 2024 being A\$0.445/share. The Australian to Canadian dollar exchange rate assumed for this calculation is 0.8827. This values the 31,863,345 Kali shares at \$12,516,000. At March 31, 2024, the Investment in Associate was carried at \$6,804,000. The difference of \$5,712,000 is brought to account as a pro forma adjustment;
- d) SpinCo, Karora and Westgold have agreed that any taxes payable by any of those parties in connection with the transfer of the fully paid ordinary shares of Kali held by Karora to SpinCo pursuant to the SpinCo Reorganization or otherwise shall be the responsibility of SpinCo up to an aggregate of \$2,000,000. Based on the Kali share price at March 31, 2024 compared to the tax basis of the shares held by Karora prior to the transaction, management estimated that the taxes payable pursuant to the SpinCo Reorganization will be at least \$2,000,000 and have included the full amount as a pro forma adjustment;
- e) SpinCo has agreed to reimburse Karora for all out-of-pocket costs, fees and expenses incurred by Karora, Westgold in connection with SpinCo Reorganization, other than up to A\$500,000 in reasonable and documented legal and accounting fees incurred by Karora. This cost limit has not been reached and for the purposes of these pro forma statements it is assumed the limit will not be exceeded as a result no pro forma adjustment is recognised;
- f) As a result of the transfer of assets and rights into SpinCo at market value, the tax base is expected to equal the accounting carrying value and the deferred tax liability of \$1,711,000 on the Investment in Associate is reduced to nil;
- g) The amount contained within owner's net investment is transferred to share capital upon issuance of shares of SpinCo to Karora which totals \$12,440,000 representing the opening balance from the SpinCo Investment Business of \$10,729,000 in addition to the adjustment of \$1,711,000 referenced in note 4f;
- h) Karora has agreed to transfer \$5 million cash into SpinCo in exchange for new shares in SpinCo. This is assumed to take place at or near the Arrangement effective date. The March 31, 2024 Carve-out financial position already reflects this transaction so no pro forma adjustment is required;
- i) SpinCo is liable to and indemnifies Karora for any and all goods and services tax ("GST") and Other Sales Taxes imposed by a Governmental Entity (including interest and penalties) in respect of the SpinCo transactions (which would include all of the Spinout Investment Business). For reference, "Other

Culico Metals Inc. (formerly 1000853883 Ontario Inc.)

Notes to the Pro Forma Financial Statements

As at March 31, 2024

(Unaudited – prepared by management)

(Expressed in Canadian dollars, unless otherwise indicated)

Sales Taxes” under the Contribution Agreement includes all sales, use, property, stock transfer, real property transfer, land transfer, business transfer, commodity, stamp, registration, documentary, conveyance, value-added and similar Taxes, fees and charges, other than GST, imposed or levied by any Governmental Entity on or in respect of the sale or supply of goods and services or the transfer of the Spinout Investment Business. The pro forma statements recognise the Dumont Asset at the nominal value in Karora’s financial statements. It is not believed any additional taxes will apply and no pro forma adjustment has been made for this matter.

5. SHARE CAPITAL

The changes in share capital that will occur pursuant to the Arrangement are as follows:

	Number of Common shares	Amount \$
Issued on incorporation	1	\$1
To be Issued under Arrangement	56,100,774	18,152,001
Cancelled under the Arrangement	(1)	-
Balance end of period	56,100,774	\$18,152,002

If the Arrangement is completed, Karora will transfer, or will cause to be transferred, the Spinout Investment Business in consideration for shares of SpinCo. Following the transfer of the Spinout Investment Business to SpinCo, Karora will distribute 100% of the issued and outstanding shares of SpinCo to Karora shareholders pursuant to the Arrangement such that Karora security holders at the effective date shall receive 0.3 SpinCo shares for each Karora share held. The initial SpinCo share issued on incorporation and held by Karora will be cancelled without any repayment thereof, and Karora shall be removed from SpinCo's register of holders. As of March 31, 2024, there were 187,002,579 Karora shares issued and outstanding on a fully diluted basis. Based on the foregoing, the number of SpinCo shares expected to be issued and outstanding following the Arrangement is approximately 56,100,774 common shares.

For personal use only

APPENDIX R

ANNUAL MATTERS

In addition to the Arrangement Resolution and the SpinCo Omnibus Share Incentive Plan Resolution being put to Karora Shareholders for approval at the Meeting, Karora Shareholders are being asked to consider and approve the Annual Resolutions. If the Arrangement is completed as anticipated, certain the matters contemplated in the Annual Resolutions and this Appendix R may cease to be relevant, as Westgold will, upon consummation of the Arrangement, indirectly own Karora and Karora Shareholders will cease to have any direct interest in Karora.

Completion of the Arrangement or approval of the Arrangement Resolution is not conditional upon the approval of the SpinCo Omnibus Share Incentive Plan Resolution or any of the Annual Resolutions that Karora Shareholders are being asked to consider. Management of Karora and the Karora Board recommend that Karora Shareholders vote FOR each of the Arrangement Resolution (the full text of which is set out in Appendix B to this Circular), the SpinCo Omnibus Share Incentive Plan Resolution (the full text of which is set out in Appendix C to this Circular) and the Annual Resolutions (as described in this Appendix R).

Completion of the Arrangement or approval of the Arrangement Resolution described in greater detail in the Circular is not conditional upon the approval of any of the Annual Resolutions discussed in this Appendix R that Karora Shareholders are being asked to consider.

Election of Directors

In accordance with the articles of incorporation of the Corporation and by-laws of the Corporation, the Karora Board must be comprised of a minimum of three (3) directors and a maximum of ten (10) directors. At the Meeting, it is proposed that the seven (7) directors whose names are set forth below be elected to the Karora Board. All directors elected will hold office until the next annual meeting of Karora Shareholders or until their successors are elected or appointed.

Effective August 31, 2022, the CBCA was amended to require majority voting for individual directors in uncontested director elections. The CBCA now provides that shareholders will be allowed to vote "for" or "against" each nominee for the Karora Board (as opposed to "for" or "withhold") and each nominee will be elected only if the number of votes cast in his or her favour represents a majority of the votes cast for and against such nominee at the Meeting. However, the CBCA also provides for a transitional period for any incumbent director who is not re-elected at the Meeting as a result of not receiving a majority of the votes in their favour, which permits such director to continue in office until the earlier of: (i) the 90th day after the day of the election; and (ii) the day on which their successor is appointed or elected. The Corporation has had a majority voting policy in place since 2013 in compliance with the rules of the TSX. The Corporation has amended its majority voting policy to align with the CBCA majority voting requirements.

Unless the Karora Shareholder has specified in the enclosed form of proxy that the Karora Shares represented by such proxy are to be voted against one or more nominees in the election of directors, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees whose names are set forth below.

The table set forth below lists each nominee's name, bio and other relevant information, including the number Karora Options and other share-based awards held by each nominee, all as at the Record Date.

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
<p>PETER GOUDIE New South Wales, Australia Age: 75 Director since July 17, 2008 Independent Director Board meetings attended in 2023: 100% (6 of 6) Audit Committee meetings attended in 2023: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2023: 100% (4 of 4) Human Resources and Compensation Committee meetings attended in 2023: 100% (6 of 6) Technical, Safety and Sustainability Committee meetings attended in 2023: 100% (6 of 6)</p>	692,618	Nil	182,974 DSUs

Mr. Goudie is currently retired from full-time employment (and has been for the past five years). He was Executive Vice President (Marketing) of Inco Limited and then Vale Inco from January 1997 to February 2008. Mr. Goudie was also responsible for the strategy, negotiation, construction and operation of Inco's joint venture production projects in Asia. He was employed with Inco since 1970 in increasingly more senior accounting and financial roles in Australia, Indonesia, Singapore and Hong Kong, before becoming Managing Director (later President and Managing Director) of Inco Pacific Ltd. in Hong Kong in 1988. He is an Australian CPA.

Mr. Goudie serves as the Chair of the Human Resources and Compensation Committee, and is a member of the Audit Committee, the Corporate Governance and Nominating Committee, and the Technical, Safety and Sustainability Committee.

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
<p>SCOTT M. HAND Lead Director Massachusetts, USA Age: 81 Director since June 27, 2008 Independent Director Board meetings attended in 2023: 100% (6 of 6) Audit Committee meetings attended in 2023: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2023: 100% (4 of 4) Technical, Safety and Sustainability Committee meetings attended in 2023: 100% (6 of 6)</p>	1,089,336	Nil	205,692 DSUs 67,177 RSUs

Mr. Hand is the Lead Director of the Corporation, a position held since February 2019. He served as the Executive Chairman of the Corporation from November 2009 until February 2019. He is also a founder and Executive Chairman of Kharrouba Copper Company Inc. (copper mining and processing in Morocco), Lead Director of Boyd Biomedical LLC (services and products to the medical and life science industries in the U.S.), and a member of the Board of Trustees of the Massachusetts Museum of Contemporary Art. He is a former director of Fronteer Gold Inc. (sold to Newmont Mining in 2011), Legend Gold Corp., Chinalco Mining Corporation International (copper mining in Peru) and Manulife Financial Corporation. Mr. Hand was the Chairman and Chief Executive Officer of Inco Limited from April 2002 until he retired from Inco in January 2007. Prior to that, Mr. Hand was President of Inco Limited and held positions in Strategic Planning, Business Development and Law. Mr. Hand received a Bachelor of Arts degree from Hamilton College in 1964, a Juris Doctorate degree from Cornell University in 1969 and an Honorary degree from Memorial University of Newfoundland and Labrador in 2005. He served in the United States Peace Corps in Ethiopia from 1964 to 1966.

Mr. Hand is a member of the Audit Committee, the Corporate Governance and Nominating Committee and the Technical, Safety and Sustainability Committee.

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
PAUL HUET Chairman and Chief Executive Officer Nevada, USA Age: 55 Director since November 19, 2018 Non-Independent Director Board meetings attended in 2023: 100% (6 of 6) Technical, Safety and Sustainability Committee meetings attended in 2023: 100% (6 of 6)	501,752	55,555	964,757 RSUs 964,756 PSUs
	<p>Mr. Huet is the Chairman and Chief Executive Officer of the Corporation. Mr. Huet served as the Executive Chairman from February 25, 2019 until July 18, 2019, when he was appointed Chairman and interim Chief Executive Officer, the "interim" portion of his title was removed in August 2019. Previously, Mr. Huet was President, Chief Executive Officer and Director of Klondex Mines from 2012 - 2018, until its acquisition by Hecla Mining Company. Mr. Huet has a strong command of capital markets and has served in all levels of engineering and operations of Mining. Mr. Huet graduated with Honors from the Mining Engineering Technology program at Haileybury School of Mines in Ontario, and successfully completed the Stanford Executive program at the Stanford School of business. In 2013 Mr. Huet was nominated for the Premiers Award in Ontario for outstanding College graduates; he is currently a member of OACETT as an applied Science Technologist and an Accredited Director.</p> <p>Mr. Huet is a member of the Technical, Safety and Sustainability Committee.</p>		

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
SHIRLEY IN'T VELD Perth, Australia Age: 69 Director since December 6, 2021 Independent Director Board meetings attended in 2023: 100% (6 of 6) Audit Committee meetings attended in 2023: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2023: 100% (4 of 4) Human Resources and Compensation Committee meetings attended in 2023: 100% (6 of 6)	Nil	Nil	118,659 DSUs
	<p>Ms. 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 Limited, 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).</p> <p>Ms. In't Veld serves as the Chair of the Corporate Governance and Nominating Committee and is a member of the Audit Committee and the Human Resources and Compensation Committee.</p>		

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
MERI VERLI Ontario, Canada Age: 62 Director since May 16, 2022 Independent Director Board meetings attended in 2023: 100% (6 of 6) Audit Committee meetings attended in 2023: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2023: 100% (4 of 4) Human Resources and Compensation Committee meetings attended in 2023: 100% (6 of 6)	6,677	Nil	17,833 DSUs 40,188 RSUs
<p>Ms. Verli is an experienced senior finance executive with an extensive background in financial management and reporting, financial and operational recovery, mergers and acquisitions, risk management and strategy development. Ms. Verli has held several senior management roles in the gold mining sector, including most recently as Strategic Advisor, Business Improvements at Agnico Eagle Mines, Senior Vice President for Business Operation Management Systems and previously Senior Vice president Finance and Treasury at Kirkland Lake Gold, Chief Financial Officer of McEwen Mining Inc., and Vice President, Finance at Lake Shore Gold from 2007 to 2016. Ms. Verli is a Chartered Professional Accountant, holds a PhD in Economic Sciences, a Bachelor of Geology and Engineering and a Bachelor of Economics from the University of Tirana, Albania and a Diplome Des Etudes Superieure Specialise (equivalent Master's Degree) in Evaluation of Mineral Resources from CESEV – Ecole Des Etudes Superieure de Geology in Nacy, France.</p> <p>Ms. Verli serves as the Chair of the Audit Committee and is a member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee.</p>			

Nominees for Election as Directors	Number of Karora Shares⁽¹⁾	Number of Karora Options⁽²⁾	Number of Awards⁽²⁾
CHAD WILLIAMS Ontario, Canada Age: 58 Director since January 6, 2020 Independent Director Board meetings attended in 2023: 100% (6 of 6) Corporate Governance and Nominating Committee meetings attended in 2023: 100% (4 of 4) Human Resources and Compensation Committee meetings attended in 2023: 100% (6 of 6) Technical, Safety and Sustainability Committee meetings attended in 2023: 83% (5 of 6)	47,700	Nil	77,112 DSUs 15,153 RSUs
<p>Mr. Williams has an extensive background in mining finance and business management. He is the Chairman and Founder of Red Cloud Mining Capital. In addition to this, Mr. Williams is a director of two emerging mining companies. He is a founder of Agilith Capital Inc., as well as Westwind Capital Inc. He is also the former CEO of Victoria Gold Corp., as well as the former Head of Mining Investment Banking at Blackmont Capital Inc. Prior to these positions, Mr. Williams was a top-ranked mining analyst at TD Securities and other Canadian brokerage firms in Toronto. Mr. Williams is currently a member of the Association of Professional Engineers of Ontario, having received a Bachelor of Mining Engineering degree from McGill University before going on to receive his MBA from the same alma mater.</p> <p>Mr. Williams is a member of the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee, and the Technical, Safety and Sustainability Committee.</p>			

Nominees for Election as Directors	Number of Karora Shares ⁽¹⁾	Number of Karora Options ⁽²⁾	Number of Awards ⁽²⁾
<p>TONY MAKUCH Ontario, Canada Age: 65 Director since August 10, 2023 Non-Independent Director Board meetings attended in 2023: 100% (2 of 2) Technical, Safety and Sustainability Committee meetings attended in 2023: 100% (1 of 1)</p>	50,000	Nil	29,475 DSUs 25,000 RSUs
	<p>Mr. Makuch has over 35 years of mining industry experience and was previously President, CEO and Director of Kirkland Lake Gold Ltd. until its acquisition by Agnico Eagle in 2022. Prior to joining Kirkland, Mr. Makuch was President and CEO of Lake Shore Gold Inc. from 2008 until its acquisition by Tahoe Resources Inc. in 2016, when he became the Executive Vice-President and President of Canadian Operations. From 2006 to 2008 Mr. Makuch was Senior Vice President and Chief Operating Officer of FNX Mining Company Inc. From 1998 to 2005 he held progressively senior positions with Dynatec Corporation, including VP Operations. From 1992 to 1998, Mr. Makuch worked with Kinross Gold Corporation at a number of its Canadian operations. Mr. Makuch is a Professional Engineer (P.Eng) and holds a Bachelor of Science Degree (Honours Applied Earth Sciences) from the University of Waterloo (Ontario), and both a Master of Science Degree in Engineering and a Master of Business Administration from Queen's University (Ontario) and has obtained the Institute of Corporate Directors ICD.D designation from the University of Toronto Rotman School of Business.</p> <p>Mr. Makuch serves as the Chair of the Technical, Safety and Sustainability Committee.</p>		

Notes:

- (1) The information as to the number of Karora Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors, including those which are not registered in their names and not being within the knowledge of the Corporation, has been furnished by such directors.
- (2) For additional information regarding Karora Options and Awards held by directors, please see "*Statement of Executive Compensation – Director Compensation*".

Shareholder Nominees

Pursuant to section 5.10 of the Corporation's By-Law No. 2, nominations by shareholders for the election of directors at the Meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting), are to be received by the Corporation by 5:00 p.m. (Toronto time) on June 14, 2024.

Appointment of Auditors

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who were first appointed as auditors of the Corporation on May 25, 2009.

Unless the shareholder has specified in the enclosed form of proxy that the Karora Shares represented by such proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

Disclosure of fees received by PricewaterhouseCoopers LLP and its affiliates from the Corporation for the financial years ended December 31, 2023, and December 31, 2022, is set out under the heading "*Audit Committee Information – External Audit Fees*" in the Corporation's Annual Information Form dated April 1, 2024, which is available on SEDAR+ (www.sedarplus.com) under Karora's issuer profile.

For personal use only

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

This Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, payable, granted, given or otherwise provided by the Corporation to the following individuals (collectively, the "Named Executive Officers" or "NEOs"):

- (a) Paul Huet, Chairman and Chief Executive Officer;
- (b) Derek Humphry, Chief Financial Officer;
- (c) Michael Doolin, Senior Vice President, Technical Services;
- (d) Leigh Junk, Managing Director, Australia;
- (e) Oliver Turner, Executive Vice President, Corporate Development; and
- (f) Barry Dahl, former Chief Financial Officer.

All dollar amounts referred to in this Circular are in Canadian dollars unless otherwise stated.

Role of Human Resources and Compensation Committee

The compensation program of the Corporation is administered by the Karora Board with the assistance of the Human Resources and Compensation Committee ("**Human Resources and Compensation Committee**"). The Human Resources and Compensation Committee currently consists of four directors, being Mr. Peter Goudie, as chairman, Mr. Chad Williams, Ms. Shirley In't Veld and Ms. Meri Verli. All members of the Human Resources and Compensation Committee are independent directors of the Corporation. The Karora Board, with the assistance of the Human Resources and Compensation Committee, reviews and makes decisions in respect of compensation matters relating to senior executives and directors of the Corporation, ensuring consistent application of matters relating to remuneration, competitive compensation and policies to attract and retain talent and ensuring that executive remuneration is consistent with industry standards and best designed and implemented to support the achievement of the Corporation's goals. The Human Resources and Compensation Committee reviews the Corporation's approach to human resource matters to ensure that the Corporation has appropriate policies in place to hire, develop and retain the human resources necessary to achieve the Corporation's goals and objectives.

The responsibilities of the Human Resources and Compensation Committee include assisting the Karora Board with respect to, among other things: (a) developing a compensation philosophy and policies; (b) reviewing and approving goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the performance of the Chief Executive Officer in light of those goals and objectives and making recommendations to the Karora Board for the Chief Executive Officer's compensation based on the evaluation; (c) reviewing and making certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; (d) succession planning in respect of senior management; (e) making recommendations to the Karora Board with respect to the form of compensation of the directors; and (f) reviewing executive compensation disclosure.

In addition to the Human Resources and Compensation Committee members' general business experience, the following direct experience (and the skills gained from this experience) is also relevant to their responsibilities to make decisions on the suitability of the Corporation's compensation policies and practices.

- *Peter Goudie.* Mr. Goudie has held a number of senior management positions throughout his career, certain responsibilities of which involved human resource and compensation matters.
- *Chad Williams.* Mr. Williams has extensive experience in mining finance and management, having previously held the positions of CEO of Victoria Gold Corp., Head of Mining Investment Banking at

Blackmont Capital Inc. and a mining analyst at TD Securities and other Canadian brokerage firms. Several of these management and other positions involved human resource and compensation matters.

- *Shirley In't Veld.* Ms. 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 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. Several of these management and other positions involved human resource and compensation matters.
- *Meri Verli.* Ms. Verli has held several senior management roles in the gold mining sector, including most recently as Strategic Advisor, Business Improvements at Agnico Eagle Mines, Senior Vice President for Business Operation Management Systems and previously Senior Vice President Finance and Treasury at Kirkland Lake Gold, Chief Financial Officer of McEwen Mining Inc., and Vice President, Finance at Lake Shore Gold from 2007 to 2016. Several of these management and other positions involved human resource and compensation matters.

Karora's overall corporate strategy and vision is to be a sustainable and responsible gold and nickel mining company that evolves into a mid-tier producer through the exploration, acquisition and development of a high-quality portfolio of precious and base metal assets. The Corporation seeks to be a strong and supportive partner in our communities, and to our employees, shareholders and business partners, by consistently creating sustainable value through the safe and responsible exploration, development, operation and (when appropriate) closure of our mining assets, while being committed to strong governance and enhancing the role of the minerals and metals sector to global sustainable development.

The Human Resources and Compensation Committee and Karora Board recognize that Karora's NEOs are critical to the achievement of the company's overall strategy and vision, and that compensation plays an important role in achieving the short-term and long-term objectives that ultimately drive success and shareholder value.

The Human Resources and Compensation Committee, on behalf of the Corporation, has engaged an independent consulting firm (the "**Compensation Consultant**") to advise and assist in the development of compensation policies and benchmarking of executive and directors' remuneration. This includes working with the Human Resources and Compensation Committee and Karora Board to identify an appropriate peer group to be used for executive compensation benchmarking. The Human Resources and Compensation Committee considers the results of benchmarking exercises and makes related NEO and Director compensation recommendations to the Karora Board. The Compensation Consultant also assists the Human Resources and Compensation Committee with respect to executive and Karora Board compensation matters.

Compensation Policies

The Human Resources and Compensation Committee develops compensation policies, which are reviewed and approved by the Karora Board, to guide compensation decisions made by the Human Resources and Compensation Committee and Karora Board. The Corporation's policies reflect the Karora Board's philosophy regarding executive compensation:

- **General Philosophy and Approach** – As a fundamental guiding principle, the Corporation believes in fair and equitable compensation and treatment for all of its employees. The Human Resources and Compensation Committee also acknowledges the importance of compensation as being one of the key factors (albeit not the only consideration) in attracting and retaining high-performance executives capable of achieving the Corporation's growth, safety and other key objectives. The Corporation uses market data for comparable roles in assessing and making compensation-related decisions, while acknowledging that such decisions will generally also be based on a number of other factors.
- **Preferred Employer** – The Corporation strives to attract superior employees and Karora Board members by being viewed by potential candidates as a desirable employer.

- Organizational Clarity – The Corporation strives for clearly defined roles and responsibilities within a logical organizational structure supported by comprehensive succession and recruitment plans as part of an underlying positive work culture.
- Competitiveness – The Corporation's intent is to set competitive total compensation opportunities for executives.
- Performance – The Human Resources and Compensation Committee discusses with management the assessment of executive performance, and such performance assessments are an important consideration in determining the level of compensation. The Corporation believes in setting clear performance objectives and these objectives are discussed with and approved by the Human Resources and Compensation Committee. These objectives are used to determine incentive bonus rewards.

The policy of the Corporation is that total compensation for NEOs (including base salary and short-term and long-term incentive elements) target the 75th percentile of the peer group.

Benchmarking

In 2023, the Human Resources and Compensation Committee engaged the Compensation Consultant to perform a benchmarking study and recommended updates to the comparator group of gold mining companies with a comparable profile to the Corporation. This included a North American comparator group and a second 'Australia' comparator group specifically for the purposes of benchmarking those executives based in Australia for application to compensation planning.

Comparators are within 0.25 to 4 times the size of Karora. This range is recommended by proxy advisory firms but applied to both market capitalization and revenue. Prior to Karora becoming a revenue producer, market capitalization was used solely as the criteria to select comparator companies.

The 2024 comparator group selections will be based on both criteria (market capitalization and revenue). The Human Resources and Compensation Committee expects that a comparator group that reflects both of these metrics will have the effect of increasing the robustness of the compensation setting process.

The table below sets forth the consideration paid to the Compensation Consultant during the two most recently completed financial years.

<u>Fees of Compensation Consultants and Advisors</u>	<u>Year ended Dec 31, 2023</u>	<u>Year ended Dec 31, 2022</u>
Executive Compensation-Related Fees	A\$60,500	\$82,028
All Other Fees	Nil	Nil

Elements of Compensation

Compensation paid to the NEOs for the financial year ended December 31, 2023 comprised the following components:

Base Salary

Base salary is designed to remunerate the NEOs for discharging their duties and responsibilities and therefore takes into account the position and responsibilities of the NEO, previous experience, prior performance and anticipated contribution.

Short-term Incentive Compensation

In addition to base salary, the NEOs are eligible to receive an annual incentive based on the achievement of annual performance objectives. The Chief Executive Officer proposes annual objectives, which are reviewed and discussed with the Human Resources and Compensation Committee, and upon agreement recommended to the Karora Board for approval. For the other NEOs, the performance objectives cascade from the Chief Executive Officer's objectives and the Corporation's strategy and key milestones and may also reflect the individual's position and responsibilities by including individual objectives as well as corporate objectives. These corporate and individual objectives are

For personal use only

developed by the Chief Executive Officer with the Human Resources and Compensation Committee and are subject to the approval of the Karora Board. The target incentive for each NEO is expressed as a percentage of base salary.

The Human Resources and Compensation Committee reviews the performance of the Chief Executive Officer, with input from the Karora Board, and the performance of the other NEOs, with input from the Chief Executive Officer, based on deliverables against objectives. The Human Resources and Compensation Committee and Karora Board considered all these factors as well as the financial position of the Corporation and the need to retain the key talent in the organization when awarding annual incentive payments. For 2023, the key overall corporate objectives established for the Chief Executive Officer and the other NEOs focused on (i) the health and safety of the Corporation's employees and contractors, (ii) environmental, social, governance (ESG), (iii) gold production, (iv) all in sustaining costs, (v) certain strategic initiatives and (vi) total free cash flow. See *"Short-Term Incentive Awards – Performance Scores"* below.

Long-term Incentive Compensation (Share-Based Incentive Awards Program)

Long-term incentives are intended to align the interests of NEOs with the long-term interests of shareholders by motivating NEOs to increase shareholder value over time. Such incentives also serve as an important retention tool for the Corporation's senior management. Targets for long-term incentives are benchmarked to the comparator group and are expressed as a percentage of base salary. Such targets consider the value of the NEO's contribution to the long-term success of the Corporation and the percentage of compensation that the Human Resources and Compensation Committee determines should be at risk. The Corporation updated its long-term incentives program in 2020 to better align with shareholder interests, with 50% of long-term incentive ("LTI") awards made to management in the form of PSUs and 50% of the LTI grants made to management in the form of three-year time-vested RSUs. The change in the composition of the LTI awards did not affect the value at the time of grant of such awards made to management. Under Karora's PSU framework, on each of the first three anniversary dates of the date of a PSU grant to a participant, 1/3 of the PSUs will vest and be redeemed based on and subject to the share price performance of the Karora Shares as compared to the applicable index (i.e., the GDXJ) during the subject period. Such vesting and redemption occurs as follows:

- if, during the performance period, the Karora relative share price performance is 125% or more than the index's performance during the period, then the performance factor is 150% (and, for example, 100 PSUs will be redeemed and settled with 150 Karora Shares);
- if, during the performance period, the Karora relative share price performance is 75% or less than the index's performance during the period, then the performance factor is 50% (and, for example, 100 PSUs will be redeemed and settled with 50 Karora Shares);
- if, during the performance period, the Karora relative share price performance is more than 75% and less than 125% of the index's performance during the period, then the performance factor is 90% (and, for example, 100 PSUs will be redeemed and settled with 90 Karora Shares).

PSUs are also subject to a performance limit, such that if total shareholder return ("TSR") in any individual performance period is negative, then the performance factor will be capped at 100% regardless of relative share price performance during the period. For example, if during a period Karora shares outperform the index by 5% but TSR during such period is -2%, then the performance factor is reduced from 105% to 100% (and 100 PSUs will be redeemed and settled with 100 Karora Shares).

RSUs and PSUs are issuable under the Karora Plan, which also allows for the issuance of Karora Options, DSUs, share appreciation rights ("SARs") and other share-based awards. For additional information regarding Karora Options and Awards, please see *"Incentive Plan Awards – Share Incentive Plan"* below.

Perquisites and Benefits

The Corporation provides basic perquisites and benefits to its NEOs, depending on the jurisdiction they are employed, including health and dental benefits, life insurance, and contribution to government-mandated public pension plans or (in the case of U.S. employees) to 401(k) plans. NEOs based in Australia receive an annual contribution from the Corporation to their superannuation account equal to 10.5% of their respective base salaries and performance related incentives, which was increased from 10% in the second half of 2022. The total value of such perquisites and benefits

for each NEO was less than \$50,000 (in the applicable local currency) in 2023. All of the NEOs have termination and change of control provisions in their employment agreements. The Corporation does not provide a private pension plan for NEOs.

Risks Associated with the Corporation's Compensation Policies and Practices

The Human Resources and Compensation Committee manages the Corporation's compensation policies and practices and provides oversight to ensure that senior executives consider the risks associated with their decisions and actions. The Human Resources and Compensation Committee is confident that these policies and practices, along with its overview, ensure that NEO incentives do not motivate the taking of inappropriate or excessive risk. Policy features include:

- quantitative metrics are used to determine the amount of Awards to NEOs under the Karora Plan;
- all LTI, which is delivered in RSUs and PSUs, is earned over time and in the case of PSUs is dependent upon relative performance of the Karora Shares to its peer group;
- a comprehensive Code of Conduct and a Whistleblower Policy that encourages reporting of imprudent corporate behaviour;
- a Human Resources and Compensation Committee that is comprised entirely of independent directors; and
- that NEOs are subject to a claw-back policy providing for the recovery of certain incentive compensation paid to the executive officers and other members of management in cases of a material restatement of the Corporation's financial statements. See description of "*Clawback Policy*" below.

NEO Purchases of Financial Instruments

Pursuant to the terms of the Corporation's Insider Trading Policy, all trades in the Corporation's securities by personnel, including NEOs and directors, must be pre-approved by the CEO or CFO. Personnel are also prohibited from selling securities of the Corporation short or buying or selling call or put Karora Options or other derivatives in respect of the Corporation's securities, and from entering into other transactions that have the effect of hedging the economic value of any direct or indirect interests of such personnel in the equity of the Corporation.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in Karora Shares of the Corporation with the total cumulative return of the S&P/TSX Global Base Metals Index since December 31, 2018:



\$100 Invested In:	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021	31-Dec-2022	31-Dec-2023
Karora Shares of Karora on the TSX	\$100	\$104	\$174	\$197	\$215	\$225
S&P/TSX Global Mining Index	\$100	\$122	\$158	\$150	\$161	\$167
S&P/TSX Global Gold Index	\$100	\$140	\$169	\$156	\$149	\$152
GDXJ ETF	\$100	\$140	\$179	\$139	\$118	\$125

The VanEck Vectors Junior Gold Miners ETF (GDXJ) tracks a market-cap-weighted index of global gold- and silver-mining firms, focusing on small caps. The S&P/TSX Global Mining Index is an investable index that provides investors with a broadly representative benchmark for global mining portfolios. The S&P/TSX Global Gold Index is both broadly representative and an investable index. As such, it is difficult to directly compare the Corporation's NEO compensation with the trends reflected in the graph above (many members of this index are diversified, dividend paying and have much larger market capitalizations).

The Corporation's relative share price performance over the five-year period beginning December 31, 2018 is noteworthy – Karora Shares increased by 125% during this period, as compared to an increase of 67% for the S&P/TSX Global Mining Index and decreases of 52% for the S&P/TSX Global Gold Index and 25% for the GDXJ ETF.

The Corporation's executive compensation package is designed to attract, retain and motivate high-performing senior executives with the skills and experience necessary to achieve the Corporation's strategy and grow the business through both adverse and favourable economic cycles. A significant portion of NEO compensation is based on long-term incentives with the ultimate value tied directly to the Corporation's share price performance.

Short-Term Incentive Awards – Performance Scores

Individual performance is assessed on performance relative to the goals and objectives determined at the beginning of the year, based on high-priority overall corporate objectives ("**Corporate Objectives**"). In 2023, the short-term incentive awards for all NEOs were determined solely with reference to Corporate Objectives.

In assessing corporate performance, it is recognized that executive officers cannot control certain factors, such as interest rates and the market prices for gold produced by the Corporation. When applying the corporate performance criteria, the Human Resources and Compensation Committee will generally focus on factors over which the executive officers can exercise control, such as achievement of production targets, control of costs, safety performance and the enhancement of competitive and business prospects of the Corporation. In determining payout targets, the Human Resources and Compensation Committee considers other similar companies in the mining industry.

In assessing the 2023 personal performance score used for determining short-term incentive plan ("STI") awards, the Human Resources and Compensation Committee evaluated progress against the Corporate Objectives. For each of the Corporate Objectives, the Human Resources and Compensation Committee adopted graduated scale of payout percentages based on meeting or exceeding such targets, with payout percentages for each corporate objective, based on the Corporation's performance against the specified target ranges. In all cases, the Human Resources and Compensation Committee retained the ability to make any discretionary adjustments it deemed to be appropriate, taking into account all factors and circumstances.

In 2023, NEOs were rated solely on Corporate Objectives.

The following sets out the established Corporate Objectives for the Corporation for 2023, actual results for 2023, along with the scale (where applicable) of payout percentages for each objective and payout score assigned for each objective based on the Corporation's 2023 performance against such metrics.

Corporate Objective	2023 Objectives	2023 Actual	Scale of Payout Percentage						2023 Payout Score
			0%	50%	75%	100%	125%	150%	
Health, Safety & Environment	(i) Reduction in total recordable incident frequency rate relative to 2022; (ii) one or less reportable environmental incidents	Not accomplished	<50%	50% - 80%	80% - 90%	90% - 100%	100% - 150%	>150%	0%
Environmental, Social, Governance (ESG)	Complete all 2023 ESG objectives as detailed and as per timetable detailed in 2023 ESG Sustainability Report from March	Accomplished (150% of target)	<50%	50% - 75%	75% - 90%	90% - 110%	110% - 125%	>125%	150%
Production	152,781 ounces	160,489 ounces (105% of target)	<90%	90% - 95%	95% - 97.5%	97.5% - 102.5%	102.5% - 110%	>110%	125%
All-In-Sustaining Costs	A\$1,712 per ounce	A\$1,882 per ounce (109.9% of target)	>110%	105% - 110%	102.5% - 105%	97.5% - 102.5%	90% - 97.5%	<90%	50%
Strategic Growth Initiative	Complete 2023 life of mine plan, BHO ventilation raises, HGO TSF lift, lift 8 of LKW TSF 1, nickel growth plan, and	Accomplished (117.5% of target)	<50%	50% - 75%	75% - 90%	90% - 110%	110% - 125%	>125%	125%

Corporate Objective	2023 Objectives	2023 Actual	Scale of Payout Percentage						2023 Payout Score
			0%	50%	75%	100%	125%	150%	
	mineral resource and reserve update at mine of depletion plus 20% increase								
Cash	A\$40.9 million	A\$41 million (100.3% of target)	<90%	90% - 95%	95% - 97.5%	97.5% - 102.5%	102.5% - 110%	>110%	100%
Total cash flow (in Australian dollars)									

The following shows the weighting given by the Human Resources and Compensation Committee to each Corporate Objective in the table below, the score awarded by the Human Resources and Compensation Committee in respect of each objective (as determined by the scoring scale) and the resulting weighted scores and total weighted average score.

Corporate Objective	Weight (A)	Score (B)	Weighted Score (A x B)
Health, Safety & Environment	15%	0%	0%
Environmental, Social, Governance (ESG)	15%	150%	22.5%
Production	20%	125%	25.0%
All-In Sustaining Costs	20%	50%	10.0%
Strategic Growth Initiative	15%	125%	18.8%
Cash	15%	100%	15.0%
TOTAL	100%	-	91.3%

The total weighted score, based on the Human Resources and Compensation Committee's assessment of the Corporation's performance in respect of all corporate objectives was 91.3% for 2023.

Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts

In 2023, the Karora Board set the target bonus rates for each NEO, representing the percentage of their base salary which their cash bonus would total assuming such NEO achieved all of such NEO's pre-determined objectives. Such target bonus rates, along with the calculated bonus amounts (based on the formula calculating bonus payouts and the performance scores for 2023 explained above), are shown below. Unless otherwise indicated, dollar figures are in Canadian dollars.

NEO	Reference Salary	Weighting of Corporate Objectives	Corporate Objectives Score	Overall Score	Target Bonus Rate	STI Bonus as % of Salary	Total 2023 STI Bonus (\$)
Paul Huet ⁽¹⁾	US\$550,000	100%	91.3%	91.3%	100%	91.3%	US\$502,150
Barry Dahl ⁽²⁾	US\$380,000	100%	91.3%	91.3%	60%	54.8%	US\$156,180
Michael Doolin ⁽³⁾	US\$420,000	100%	91.3%	91.3%	60%	54.8%	US\$230,160
Leigh Junk ⁽⁴⁾	A\$560,000	100%	91.3%	91.3%	60%	54.8%	A\$257,779
Oliver Turner	\$400,000	100%	91.3%	91.3%	60%	54.8%	\$219,200
Derek Humphry ⁽⁵⁾	\$465,000	100%	91.3%	91.3%	60%	54.8%	A\$254,820

Notes:

- (1) Mr. Huet is compensated in US dollars.
- (2) Mr. Dahl is compensated in US dollars. Mr. Dahl retired as CFO on August 17, 2023 and received his bonus *pro rata* until September 30, 2023.
- (3) Mr. Doolin is compensated in US dollars.
- (4) Mr. Junk is compensated in Australian dollars. Mr. Junk was appointed Managing Director, Australia on March 27, 2023 and received his bonus *pro rata* from March 1, 2023.
- (5) Mr. Humphry is compensated in Australian dollars. Mr. Humphry was appointed as CFO on August 17, 2023.

Long-Term Incentives – Target Awards and Payout Amounts

As highlighted above, long-term incentives are intended to align the interests of NEOs with the long-term interests of shareholders and serve as an important retention tool for the Corporation's senior management.

In 2020, the Corporation updated its long-term incentives program to better align with shareholder interests, with 50% of awards made to management in the form of performance shares units with vesting levels determined by reference to relative share performance, and the remaining 50% of awards made to management were made in the form of three-year time vested RSUs. The change in the composition of the LTI awards did not affect the value at the time of grant of such awards made to management.

Targets for long-term incentives, expressed as a percentage of base salary, along with the calculated grant amounts are shown below.

NEO ⁽¹⁾	Annual Salary ⁽²⁾	Target Award as % of Salary	Actual Award as % of Salary	LTI Award Value	Number of RSUs ⁽³⁾	Number of PSUs ⁽³⁾
Paul Huet	US\$550,000	200%	200%	US\$1,100,000	172,905	172,905
Barry Dahl	US\$380,000	100%	100%	US\$380,000	59,731	59,731
Michael Doolin	US\$420,000	100%	100%	US\$420,000	66,019	66,018
Leigh Junk	A\$560,000	175%	175%	A\$980,004	87,926	87,927
Oliver Turner	\$400,000	100%	100%	\$400,000	46,512	46,512
Derek Humphry	A\$465,000	100%	100%	A\$465,000	47,074	47,073

Notes:

- (1) The value of the above-detailed 2023 grants is included in the below NEO Summary Compensation Table (for all NEOs) as "Share-based awards".
- (2) Annual salaries at the time of grant were applied for purposes of this calculation.
- (3) The number of issued RSUs and PSUs was determined based on the price of the Karora Shares at the time of grant and the following currency exchange rates: US\$1.00 = C\$1.3518 and A\$1.00 = C\$0.8706.

NEO Summary Compensation Table

The Corporation became a reporting issuer on December 10, 2010. The following table (presented in accordance with Form 51-102F6 under NI 51-102) sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation for the financial years ended December 31, 2023, 2022, and 2021 in respect of the Chief Executive Officer, the Chief Financial Officer, three executive officers, and one former executive officer of the Corporation (the NEOs). Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name and principal position of NEO	Year	Salary	Share-based awards ⁽¹⁾	Option-based awards ⁽²⁾	Non-equity incentive plan compensation		All other compensation	Total compensation
					Annual incentive plans ⁽³⁾	Long-term incentive plans		
Paul Huet	2023	US\$550,000	US\$1,100,000	–	US\$502,150	–	–	US\$2,152,150
Chairman and Chief Executive Officer ⁽⁴⁾	2022	US\$485,000	US\$848,444	–	US\$497,125	–	–	US\$1,830,569
	2021	US\$473,000	US\$827,750	–	US\$591,250	–	–	US\$1,892,000
Derek Humphry	2023	A\$285,370	A\$465,000	–	A\$254,820	–	–	A\$1,005,190
Chief Financial Officer ⁽⁵⁾	2022	–	–	–	–	–	–	–
	2021	–	–	–	–	–	–	–
Michael Doolin	2023	US\$420,000	US\$420,000	–	US\$230,160	–	–	US\$1,070,160
Senior Vice President, Technical Services ⁽⁶⁾	2022	US\$350,000	US\$340,000	–	US\$231,600	–	–	US\$921,600
	2021	US\$280,000	US\$238,000	–	US\$189,840	–	–	US\$707,840
Leigh Junk	2023	A\$466,667	A\$980,004	–	A\$257,779	–	–	A\$1,704,450
Managing Director, Australia ⁽⁷⁾	2022	–	–	–	–	–	–	–
	2021	–	–	–	–	–	–	–
Oliver Turner	2023	\$400,000	\$400,000	–	\$219,200	–	–	\$1,019,200
Executive Vice President, Corporate Development ⁽⁸⁾	2022	\$390,000	\$331,500	–	\$258,102	–	–	\$979,602
	2021	\$378,000	\$415,800	–	\$267,170	–	–	\$1,060,970
Barry Dahl	2023	US\$269,167	US\$380,000	–	US\$156,180	–	–	US\$805,347
Former Chief Financial Officer ⁽⁹⁾	2022	US\$355,350	US\$302,048	–	US\$202,763	–	–	US\$860,161
	2021	US\$309,000	US\$262,650	–	US\$207,648	–	–	US\$779,298

Notes:

- (1) This column represents RSUs granted under the Karora Plan and the NEO's LTI award value. The market or payout value was calculated using the closing price of Karora Shares on the TSX on the last business day prior to the grant date.
- (2) This column represents Karora Options granted under the Karora Plan. The fair value of option-based awards was determined using the Black-Scholes pricing model. The Black-Scholes award valuation is determined using the exercise price or base price expected life of the award, expected volatility of the common share price, expected dividend yield and risk-free interest rate. The Corporation assigns an exercise or base price equivalent to the value of one common share on the TSX on the date immediately preceding the date of the grant.
- (3) This column represents STI awards. See "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*", above.
- (4) Mr. Huet receives compensation in his capacity as Executive Chairman and Chief Executive Officer and does not receive additional compensation for his role as a director of the Corporation.
Salary. Mr. Huet's 2023 base salary was US\$550,000 per annum.
Share-based awards. Represents the long-term incentive award made to Mr. Huet (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2023 grant amounts).
Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Huet (see above table under "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*").
Extraordinary Award. Mr. Huet received an extraordinary award of 625,000 RSUs and 625,000 PSUs at the same time the incentive sign-on grant described below was made to Mr. Junk in May 2023. Given that these awards are non-recurring in subsequent years (i.e. in years after 2023), these amounts are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).
- (5) Mr. Humphry was appointed Chief Financial Officer of the Corporation as of August 17, 2023.
Salary. Mr. Humphry's 2023 base salary was A\$465,000 per annum.
Share-based awards. Represents the long-term incentive award made to Mr. Humphry (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2023 grant amounts).
Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Humphry – see above table under "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*".
Incentive Sign-on Grant. In connection with Mr. Humphry's 2023 appointment as Chief Financial Officer, the Corporation agreed to grant him as a sign-on incentive, 75,000 RSUs.
- (6) Mr. Doolin was appointed as Senior Vice President, Technical Services on October 1, 2020.
Salary. Mr. Doolin's 2023 base salary was US\$420,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Doolin (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*") for 2023 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Doolin – see above table under "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*".

- (7) Mr. Junk joined was appointed Managing Director, Australia of the Corporation as of March 27, 2023. He is compensated in Australian dollars.

Salary. Mr. Junk was paid a total base salary of A\$560,000 in 2023.

Share-based awards. Represents the long-term incentive award made to Mr. Junk (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*") for 2023 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Junk – see above table under "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*".

Incentive Sign-on Grant. In connection with Mr. Junk's 2023 appointment as Managing Director, Australia, the Corporation agreed to grant him 44,860 RSUs and 44,861 PSUs to further align his interests with those of shareholders and as a retention tool (as RSUs and PSUs vest over three years). Given that these awards would be non-recurring in subsequent years (i.e. in years after 2023), these amounts are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

Extraordinary Award. In connection with Mr. Junk's 2023 appointment as Managing Director, Australia, the Corporation agreed to grant him 1,000,000 PSUs, vesting in three equal tranches over a period of four years and ten months from his hire date (March 1, 2023). The Karora Board believes that the future success of the Corporation will depend in large part on the ability of senior management to drive operations so as to achieve Karora's production and cost objectives in a safe and sustainable manner. It is therefore critical that Karora attract and retain people of the highest calibre. These PSUs were structured to align with the interests of Karora Shareholders by providing Mr. Junk with the opportunity for meaningful compensation if he drives achievement of key corporate objectives which the Karora Board believes will contribute to share price appreciation for all Karora Shareholders.

The performance conditions are as follows. 50% of the grant (500,000 PSUs) will be subject to the achievement of gold reserve growth measured as at three dates: gold reserves as at September 30, 2025 compared to gold reserves as at September 30, 2022 (166,666 PSUs eligible for vesting); gold reserves as at September 30, 2026 compared to gold reserves as at September 30, 2022 (166,666 PSUs eligible for vesting); and gold reserves as at September 30, 2027 compared to gold reserves as at September 30, 2022 (166,667 PSUs eligible for vesting). 50% of the grant (500,000 PSUs) will be subject to the achievement of nickel production growth measured as at three dates in respect of defined periods: December 31, 2025 in respect of nickel production during the 12 month period ended on such date compared to nickel production during the 12 month period ended December 31, 2022 (166,666 PSUs eligible for vesting); December 31, 2026 in respect of nickel production during the 12 month period ended on such date compared to nickel production during the 12 month period ended December 31, 2022 (166,666 PSUs eligible for vesting); and December 31, 2027 in respect of the 12 month period ended on such date compared to nickel production during the 12 month period ended December 31, 2022 (166,667 PSUs eligible for vesting).

In addition to the foregoing, an overriding share performance condition is also included in the PSU terms – Karora's share price movement must be at least 25% better than the GDXJ movement over the same period to achieve 100% of the reward from both performance hurdles (for example, if the GDXJ increases by 10% in a period, Karora's share price movement must increase by at least 12.5% for 100% of the subject PSUs to vest). In the event Karora's share price performance does not satisfy this condition, the subject reward from both performance hurdles will be pro-rated accordingly.

Given that these awards would be non-recurring in subsequent years (i.e. in years after 2023), these amounts are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

- (8) Mr. Turner became an employee of the Corporation, as Senior Vice President Corporate Development & Investor Relations, on March 31, 2020. During the period between September 9, 2019 and March 31, 2020, he was a consultant to the Corporation.

Salary. Mr. Turner's 2023 base salary was \$400,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Turner (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*") for 2023 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Turner – see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*".

- (9) Mr. Dahl was appointed Chief Financial Officer of the Corporation as of March 1, 2020 and retired as Chief Financial Officer on August 17, 2023. In connection with his retirement, Mr. Dahl entered into an advisory agreement with the Corporation. See "*Discussion of Summary Compensation Table – NEO Employment Agreements*" for more information.

Salary. Mr. Dahl's 2023 base salary was US\$380,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Dahl (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*") for 2023 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Dahl – see above table under "*Short-Term Incentive Awards – Target Bonus Rate and Payout Amounts*".

Discussion of Summary Compensation Table – NEO Employment Agreements

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each NEO's employment agreement.

Paul Huet

Mr. Huet has been a director of the Corporation since November 19, 2018 and was appointed Executive Chairman of the Karora Board on February 25, 2019. On July 18, 2019 he was appointed Chairman and interim Chief Executive Officer (the "interim" designation was removed in August 2019). Mr. Huet's 2023 base salary was US\$550,000 per annum. In 2023, he was eligible for an annual bonus with a target amount of 100% of his then current annual base

salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Huet was also entitled to participate in the Corporation's share incentive awards program with a target amount of 200% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. For 2024, the Karora Board has approved target STI and LTI for Mr. Huet at 100% and 200% of his 2024 base salary, respectively. In the event of a change of control (as defined under the heading "*Termination and Change of Control Benefits – Termination on a Change of Control (Double Trigger)*" below), Mr. Huet is entitled to receive a lump sum payment in an amount equal to the sum of (i) 2.5 times his base salary, (ii) an amount equal to 2.5 times his STI for the year at target, (iii) US\$15,000 as a contribution toward outplacement costs, and (iv) an STI payment at target in respect of the calendar year during which such change of control occurs and pro-rated to the date of the closing of the change of control transaction. See also "*Short-Term Incentive Awards – Performance Scores*" above and "*Termination and Change of Control Benefits*" below.

Derek Humphry

Mr. Humphry was appointed as Chief Financial Officer on August 17, 2023. Mr. Humphry's 2023 base salary was A\$465,000 per annum. In 2023, he was eligible for an annual bonus with a target amount of 60% of his then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Humphry was also entitled to participate in the Corporation's share incentive awards program with a target amount of 100% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. For 2024, the Karora Board has approved target STI and LTI for Mr. Humphry at 60% and 100% of his 2024 base salary, respectively. In the event of a change of control, Mr. Humphry is entitled to receive a lump sum payment in an amount equal to the sum of (i) two times his base salary plus the cash equivalent of compulsory superannuation contributions for such period, (ii) an amount equal to his STI for the year at target, and (iii) A\$15,000 as a contribution toward outplacement costs. See also "*Short-Term Incentive Awards – Performance Scores*" above and "*Termination and Change of Control Benefits*" below.

Michael Doolin

Mr. Doolin serves as Senior Vice President, Technical Services. Mr. Doolin's 2023 base salary was US\$420,000 per annum. In 2023, he was eligible for an annual bonus with a target amount of 60% of his then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Doolin was also entitled to participate in the Corporation's share incentive awards program with a target amount of 100% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. For 2024, the Karora Board has approved target STI and LTI for Mr. Doolin at 60% and 100% of his 2024 base salary, respectively. In the event of a change of control, Mr. Doolin is entitled to receive a lump sum payment in an amount equal to the sum of (i) two times his base salary, (ii) an amount equal to two times his STI for the year at target, (iii) US\$15,000 as a contribution toward outplacement costs (grossed up for taxes), and (iv) an STI payment at target in respect of the calendar year during which such change of control occurs and pro-rated to the date of the closing of the change of control transaction. See also "*Short-Term Incentive Awards – Performance Scores*" above and "*Termination and Change of Control Benefits*" below.

Leigh Junk

Mr. Junk serves as the Managing Director, Australia. Mr. Junk was paid a total base salary of A\$560,000 in 2023. In 2023, he was eligible for an annual bonus with a target amount of 60% of his then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Junk was entitled to participate in the Corporation's share incentive awards program with a target amount of 175% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. For 2024, the Karora Board has approved target STI and LTI for Mr. Junk at 60% and 175% of his 2024 base salary, respectively.

In the event of a change of control, Mr. Junk is entitled to receive a lump sum payment in an amount equal to the sum of (i) two times his base salary plus the cash equivalent of compulsory superannuation contributions for such period, (ii) an amount equal to his STI for the year at target, and (iii) A\$15,000 as a contribution toward outplacement costs. See also "*Short-Term Incentive Awards – Performance Scores*" above and "*Termination and Change of Control Benefits*" below.

Oliver Turner

Mr. Turner serves as Executive Vice President, Corporate Development. Mr. Turner's 2023 base salary was \$400,000 per annum. In 2023, he was eligible for an annual bonus with a target amount of 60% of his then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Turner was also entitled to participate in the Corporation's share incentive awards program with a target amount of 100% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. For 2024, the Karora Board has approved target STI and LTI for Mr. Turner at 60% and 100% of his 2024 base salary, respectively. In the event of a change of control, Mr. Turner is entitled to receive a lump sum payment in an amount equal to the sum of (i) two times his base salary, (ii) an amount equal to two times his STI for the year at target, (iii) \$15,000 as a contribution toward outplacement costs (grossed up for taxes), and (iv) an STI payment at target in respect of the calendar year during which such change of control occurs and pro-rated to the date of the closing of the change of control transaction. See also "*Short-Term Incentive Awards – Performance Scores*" above and "*Termination and Change of Control Benefits*" below.

Barry Dahl

Mr. Dahl served as Chief Financial Officer until August 17, 2023. Mr. Dahl's 2023 base salary was US\$380,000 per annum. In 2023, he was eligible for an annual bonus with a target amount of 60% of his then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Karora Board, taking into account annual Corporate Objectives and/or individual objectives. In 2023, Mr. Dahl was also entitled to participate in the Corporation's share incentive awards program with a target amount of 100% of his then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Karora Board. Mr. Dahl retired as Chief Financial Officer on August 17, 2023. See also "*Short-Term Incentive Awards – Performance Scores*" above.

In connection with his retirement as Chief Financial Officer of the Corporation, Mr. Dahl entered into an advisory agreement with the Corporation pursuant to which Mr. Dahl was granted an aggregate of 342,701 RSUs, which vested immediately and were settled with 342,701 Karora Shares. In addition, Mr. Dahl received lump sum cash payments of approximately US\$70,800 in lieu of group benefits continuation and vacation accrual.

Incentive Plan Awards

Share-Based Awards and Option-Based Awards as at December 31, 2023

The following table sets forth for each NEO all Awards outstanding at the end of the most recently completed financial year ended December 31, 2023, including Awards granted before the most recently completed financial year that remained outstanding on December 31, 2023. All dollar figures are in Canadian dollars.

For personal use only

Name of NEO	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price	Award expiration date	Value of unexercised in-the-money awards ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁽³⁾	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾
Paul Huet	<u>Karora Options</u> 55,555	\$1.73	9/27/2024	\$174,304	1,929,513	\$9,396,728	–
Derek Humphry	<u>Karora Options</u> None	–	–	–	169,147	\$823,746	–
Michael Doolin	<u>Karora Options</u> 50,000	\$3.95	9/30/2025	\$46,000	270,474	\$1,317,208	–
Leigh Junk	<u>Karora Options</u> None	–	–	–	1,265,574	\$6,163,345	–
Oliver Turner	<u>Karora Options</u> None	–	–	–	204,882	\$997,775	–
Barry Dahl	<u>Karora Options</u> None	–	–	–	234,288	\$1,140,983	–

Notes:

- (1) This column represents Karora Options granted under the Karora Plan.
- (2) The value of unexercised option-based awards was calculated using the closing price of Karora Shares on the TSX on the last trading day of 2023 of \$4.87 less the exercise or base price of the award.
- (3) The market or payout value was calculated using the closing price of Karora Shares on the TSX on the last trading day of 2023 of \$4.87.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year ended December 31, 2023 for each incentive plan award. All dollar figures are in Canadian dollars.

Name of NEO	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾
Paul Huet	–	\$2,147,911	\$714,209
Derek Humphry	–	–	–
Michael Doolin	–	\$750,233	\$158,813
Leigh Junk	–	–	–
Oliver Turner	–	\$719,597	\$227,267
Barry Dahl ⁽⁴⁾	–	\$2,389,586	\$494,131

Notes:

- (1) This column represents the aggregate dollar value that would have been realized if the Karora Options or SARs that vested during the year had been exercised or redeemed, as applicable, on the vesting date.
- (2) This column represents RSUs and PSUs granted under the Karora Plan and the aggregate dollar value that would have been realized if the RSUs and PSUs that vested during the year had been redeemed on the vesting date.
- (3) This column represents the annual incentive plan cash bonuses paid to the NEOs in respect of 2023 expressed in Canadian dollars.
- (4) In connection with his retirement as Chief Financial Officer of the Corporation, Mr. Dahl entered into an advisory agreement with the Corporation pursuant to which Mr. Dahl was granted RSUs, which vested immediately and were settled in Karora Shares in 2023. See "Discussion of Summary Compensation Table – NEO Employment Agreements" for more information.

Share Incentive Plan

On June 14, 2010, the shareholders approved the Corporation's 2010 share incentive plan. The 2010 share incentive plan was subsequently amended and restated on March 26, 2013 and further amended and restated upon approval of shareholders on June 19, 2019 and on June 16, 2022. The following is a description of the Karora Plan.

The Karora Plan provides for the granting of equity-based compensation securities, including Karora Options and Awards for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of senior executives, directors, employees (including prospective employees) and consultants of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the holding of Karora Options and Awards that are tied to the long term performance of Karora Shares by senior executives, directors, employees and consultants of the Corporation.

The Karora Plan provides for the issuance of Karora Options and other equity-based awards ("**Awards**") including SARs, restricted shares, RSUs, PSUs, DSUs and performance shares. Employees, directors and officers of the Corporation and its subsidiaries, as well as consultants (as defined in National Instrument 45-106 – *Prospectus Exemptions*) (the "**Participants**"), are eligible to participate in the Karora Plan.

Karora Shares Subject to the Karora Plan. The Karora Plan provides that the maximum number of Karora Shares issuable upon the exercise of Karora Options and made available as Awards, in aggregate, shall not exceed 7.5% of the issued and outstanding Karora Shares from time to time, of which the maximum number of Karora Shares made available for issuance pursuant to Awards granted under the Karora Plan shall not exceed 5.5% of the outstanding Karora Shares from time to time. As a result, should the Corporation issue additional Karora Shares in the future, the number of Karora Shares issuable under the Karora Plan will increase accordingly. The Karora Plan is considered an "evergreen" plan, since the Karora Shares covered by Karora Options and Awards that have been exercised or redeemed, as the case may be, shall be available for subsequent grants under the Karora Plan. As of the date hereof, up to 6,752,631 Karora Shares (representing approximately 3.78% of the issued and outstanding Karora Shares of the Corporation as of the date hereof) are issuable under Karora Options and Awards outstanding at the date hereof, out of a total available of 13,399,203 Karora Shares under the Karora Plan. As of the date hereof, 6,646,572 Karora Shares (represents approximately 3.72% of the issued and outstanding Karora Shares of the Corporation as of the date hereof) may be issuable under Karora Options and Awards that remain available for grant under the Karora Plan.

Burn Rate. In accordance with the rules of the TSX, the following table sets out the annual burn rate for the Karora Plan for the three prior fiscal years, expressed as a percentage of the number of securities granted under the Karora Plan in each fiscal year over the weighted average number of Karora Shares outstanding at the applicable year end:

Year	Karora Options Granted	RSUs Granted	PSUs Granted	DSUs Granted	Total Securities Granted	Weighted Average Number of Shares Outstanding as at December 31	Burn Rate (Total Securities Granted / Shares Outstanding)
2023	-	2,337,226	2,846,752	147,110	5,331,088	175,802,402	3.03%
2022	-	1,578,660	1,291,911	166,051	3,036,622	164,437,670	1.85%
2021	-	1,077,930	981,125	129,627	2,188,682	148,698,289	1.47%
Three Year Average Annual Burn Rate							2.16%

Maximum Percentage of Available Securities to Insiders Under All Share Compensation Arrangements. The aggregate number of Karora Shares issuable to insiders under the Karora Plan and any other share compensation arrangement

shall not exceed 10% of the Karora Shares issued and outstanding at any time. Insiders shall not be issued, pursuant to the Karora Plan and any other share compensation arrangement, within any one-year period, a number of Karora Shares which exceeds 10% of the Karora Shares issued and outstanding. As of the date hereof, a total of up to 4,884,596 Karora Shares are issuable to insiders under granted Karora Options and Awards (representing approximately 2.73% of the issued and outstanding Karora Shares of the Corporation as of the date hereof), out of a total available to insiders of 13,399,203 Karora Shares.

Maximum Number of Securities Issuable to One Person. The Karora Plan does not provide for a maximum number of Karora Shares which may be issued to an individual pursuant to the Karora Plan and any other share compensation arrangement (expressed as a percentage or otherwise).

Annual Grant Limit. The Karora Plan provides that (i) at no time will the number of Karora Shares issuable to all non-employee directors exceed 1% of the issued and outstanding Karora Shares at such time, and (ii) the number of Karora Shares issuable to any one non-employee director will be subject to an annual grant limit of \$150,000 worth of Awards and Karora Options, in aggregate, per such non-employee director, of which no more than \$100,000 may be issued in the form of Karora Options. Such non-employee director participation limits do not apply to (i) one-time initial grants made to a new director upon joining the Karora Board, or (ii) to Awards taken in lieu of any cash fee or retainer payable for serving as a director.

Restricted Share Issuances. The Karora Plan permits the Human Resources and Compensation Committee to grant restricted shares to Participants. The Human Resources and Compensation Committee may determine when a restricted share shall vest, or have the restricted shares vest in instalment on such terms as the Human Resources and Compensation Committee deems to be advisable. After the restricted shares have vested and the Participant executes an award agreement, the Corporation will issue the Participant a certificate for the number of Karora Shares granted as restricted shares. Once the Participant has the certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions or conditions as the Human Resources and Compensation Committee may in its discretion include in the applicable award agreement.

Restricted Share Units. The Human Resources and Compensation Committee may grant Awards of RSUs to Participants in such amounts and subject to the vesting provisions as it shall determine. On the payment date, the Participant of each RSU shall receive Karora Shares, cash, securities or other property equal in value to the Karora Shares or a combination thereof, as specified in the applicable award agreement.

Performance Share Units. PSUs are a form of RSUs, with performance-based vesting conditions. The Human Resources and Compensation Committee may grant Awards of PSUs to Participants in such amounts and subject to the vesting provisions as it shall determine. On the payment date, the Participant of each PSU shall receive Karora Shares, cash, securities or other property equal in value to the Karora Shares or a combination thereof, as specified in the applicable award agreement.

Deferred Share Units. The Human Resources and Compensation Committee may grant Awards of DSUs to Participants in such amounts and subject to such vesting provisions the vesting provisions (time-based and / or performance-based) and other terms and conditions as the Human Resources and Compensation Committee shall determine. A Participant is only entitled to payment in respect of the DSUs when the Participant ceases to be an employee or director of the Corporation or any affiliate thereof for any reason. At the time of grant, the Human Resources and Compensation Committee shall determine whether the DSUs shall be redeemed for (i) Karora Shares only, or (ii) at the option of the Participant, Karora Shares or the redemption value determined in accordance with the applicable award agreement.

Performance Shares and Performance Share Units. The Human Resources and Compensation Committee may grant Awards of performance shares to Participants in the form of (a) Karora Shares or (b) PSUs, in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of an unsecured creditor of the Corporation until payment of Karora Shares, cash or other securities or property is made as specified in the applicable award agreement. In the event that a certificate is issued in respect of an Award of performance shares in the form of Karora Shares, such certificate shall be registered in the name of the Participant but shall be held by the Corporation or its designated agent until the time the performance shares are earned or become vested in accordance with the terms of the applicable award agreement. The Human Resources and Compensation Committee shall determine in its sole discretion whether performance share units shall be settled in Karora Shares, cash, securities or other property, or a combination thereof.

Method of Determining Option Exercise Price. Under the Karora Plan, the Human Resources and Compensation Committee has the authority to fix the exercise price of a Karora Option at the time the Karora Option is granted, provided that the price per common share fixed by the Human Resources and Compensation Committee is in Canadian dollars and shall not be less than the market price of the Karora Shares immediately preceding the grant.

Calculation of Market Appreciation of Share Appreciation Rights. The Karora Plan allows the granting of SARs. Market appreciation of SARs shall be calculated as an amount equal to (a) the excess of the fair market value of a common share on the date of redemption of the share appreciation right, over (b) the fair market value of a common share as of the date of grant, multiplied by (c) the number of Karora Shares with respect to which the share appreciation right is redeemed. The Karora Plan does not provide for the ability of the Corporation to transform a Karora Option into a SAR involving an issuance of securities from treasury.

Vesting of Karora Options and Option Period. At the time of the grant of a Karora Option, the Human Resources and Compensation Committee may determine when any Karora Option will become exercisable and may determine that the Karora Option shall be exercisable in instalments on such terms as to vesting or otherwise, as the Human Resources and Compensation Committee deems advisable. Unless otherwise determined by the Human Resources and Compensation Committee, Karora Options will vest, as to one-third of Karora Options granted, on each of the first, second and third anniversaries of the date of grant, provided that the grantee is still a Participant at that time.

Term of Karora Options. The Human Resources and Compensation Committee may set the term of the Karora Options, so long as such term is not more than ten years from the date of the grant of the Karora Option; provided that if the expiration date of a Karora Option falls within a Blackout Period (as defined in the Karora Plan) or within nine business days after the date on which a Blackout Period expires, then the expiration date of the Karora Option will be the date which is ten business days after the date on which the Blackout Period expires.

Other Equity-Based Awards. The Human Resources and Compensation Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted Karora Shares) in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall in its discretion determine. Such Awards may entail the transfer of actual Karora Shares to Participants, or payment in cash or otherwise of amounts based on the value of Karora Shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

Causes of Cessation of Entitlement. The Karora Plan sets out provisions regarding the exercise and cancellation of Karora Options and Awards if a Participant's employment terminates or a Participant otherwise ceases to be eligible under the Karora Plan. Under the Karora Plan, subject (x) to any express provisions included in an employment/termination agreement with respect to a Karora Option or Award, which shall in no case provide for an exercise period beyond 12 months from the termination date, or (y) any other determination made by the Karora Board at the time of the termination:

- If the Participant ceases to be eligible by reason of retirement, early retirement at the request of the Corporation, death or disability, there shall be either (i) immediate vesting of all Karora Options and Awards if so provided for in an employment/termination agreement, or (ii) immediate vesting of the Karora Options and Awards that would have vested in the 12 months following the effective termination date in all other cases. All vested Karora Options and Awards shall be exercisable or redeemed during the period that is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 180 days after the effective date of termination.
- If the Participant ceases to be eligible for any reason other than those specified above, including termination subsequent to change of control, there shall be either (i) immediate vesting of all Karora Options and Awards or immediate vesting of the Karora Options and Awards that would otherwise have vested in the 90 days following the termination date, as applicable, if so provided in an employment/termination agreement, or (ii) no accelerated vesting of the Karora Options and Awards in all other cases. All vested Karora Options and Awards shall be exercisable or redeemed, as the case may be, during the period which is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 90 days after the termination date.

Assignability. No Award or Karora Option or right granted to any person under the Karora Plan shall be assignable other than by will or by the laws of descent and distribution.

Amendments, Suspension or Termination of the Karora Plan. Subject to the provisions below respecting amendments requiring shareholder approval, the Human Resources and Compensation Committee may amend, suspend or terminate the Karora Plan, at any time, including with respect to the following matters, provided that no such amendment, suspension or termination may: (i) contravene the requirements of the TSX or any securities commission or other regulatory body to which the Karora Plan or the Corporation is now or may hereafter be subject to or be made without obtaining any required regulatory approvals; or (ii) adversely affect the rights of any optionee or award holders who holds a Karora Option or Award at the time of such amendment, without the consent of that optionee or award holder.

Without limiting the generality of the foregoing, the Human Resources and Compensation Committee may from time to time, in the absolute discretion of the Human Resources and Compensation Committee and without shareholder approval, make the following amendments to the Karora Plan or any Karora Option or Award granted under the Karora Plan:

- an amendment to the termination provisions of the Karora Plan or any Karora Option or Award, provided such amendment does not extend the expiry date or term of the Karora Option or Award beyond the expiry date or term determined at the date of grant;
- an amendment to the vesting provisions of the Karora Plan and any option agreement or award agreement granted under the Karora Plan;
- an amendment to provide or modify a cashless exercise feature of a Karora Option or the Karora Plan, whether or not there is a full deduction of the number of underlying Karora Shares from the total number of Karora Shares available for issuance under the Karora Plan;
- an addition to, deletion from or alteration of the Karora Plan or a Karora Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or a stock exchange;
- any amendment of a "housekeeping" nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Karora Plan or any Karora Option or Award, to correct or supplement any provision of the Karora Plan or any Karora Option or Award that is inconsistent with any other provision of the Karora Plan or any Karora Option or Award, to correct grammatical or typographical errors, or to amend the definitions contained within the Karora Plan respecting the administration of the Karora Plan; and
- any amendment respecting the administration of the Karora Plan.

Amendments Requiring Shareholder Approval. Shareholder approval will be required for the following amendments to the Karora Plan:

- any increase in the maximum number of Karora Shares issuable under the Karora Plan, either as a fixed number or a fixed percentage of the Corporation's outstanding Karora Shares;
- to remove or exceed the insider participation limit;
- any amendment to the definition of Participant under the Karora Plan, including amendments that would permit the introduction or reintroduction of non-employee directors as Participants on a discretionary basis, or any amendment to remove or exceed the limits previously imposed on non-employee director participation;
- to an amending provision within the Karora Plan including any amendment that deletes or reduces the range of amendments which require shareholder approval under the Karora Plan;
- any reduction in the exercise/purchase price of a Karora Option or Award to a price below the exercise/purchase price applicable to such Karora Option or Award determined at the date of grant or that would be treated as a "repricing" under the then-applicable rules, regulations or listing requirements adopted

by the exchange(s) on which the Karora Shares of the Corporation are then listed, in each case, other than pursuant to provisions of the Karora Plan, including any cancellation and reissuance of any Karora Option or Award;

- any amendment which would allow for the transfer or assignment of Awards or Karora Options under the Karora Plan, other than for normal estate settlement purposes;
- any extension of the expiry date or term of a Karora Option or Award beyond the expiry date or term determined at the date of grant, except as otherwise provided in the Karora Plan; and
- any amendments required to be approved by shareholders under applicable law or the rules, regulations and policies of any stock exchange on which the Karora Shares of the Corporation are listed.

Termination and Change of Control Benefits

The employment agreements, as amended, between the Corporation and the NEOs who are currently officers of Karora contain the following termination without cause and change of control provisions.

In addition, in connection with his retirement as Chief Financial Officer of the Corporation, Mr. Dahl entered into an advisory agreement with the Corporation pursuant to which Mr. Dahl was granted RSUs and received lump sum cash payments. See "*Discussion of Summary Compensation Table – NEO Employment Agreements*" for more information.

Termination Without Cause

In the event Mr. Huet, Mr. Humphry, Mr. Doolin, Mr. Junk or Mr. Turner is terminated without cause, such NEO will be entitled to payment that is calculated with reference to his base salary (as described in the below table) including, where applicable, compulsory superannuation contributions, in a lump sum or by salary continuation. The NEO's benefits coverage will continue until the end of the compensation period. The Corporation will also provide certain NEOs with a lump-sum payment for outplacement services. Vesting of Karora Options and other Awards is accelerated on a complete or partial basis on a termination without cause.

For illustrative purposes, had a termination without cause occurred on December 31, 2023, the applicable multiple, the compensation period for benefits, the amounts payable and the incremental value of Karora Options and Awards in respect of which vesting would have accelerated would have been as set out in the below table. Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name	Multiple	Aggregate Amount Payable (for Base Salary)	Compensation Period for Benefits	Aggregate Amount Payable for Benefits ⁽²⁾	Option-Based Awards – Value Vested ⁽³⁾	Share-Based Awards – Value Vested ⁽⁴⁾	Contribution Towards Outplacement Costs ⁽⁵⁾
Paul Huet ⁽¹⁾	2 times	US\$1,100,000	2 years	US\$85,569	US\$129,571	US\$6,962,976	US\$15,000
Derek Humphry ⁽¹⁾	0.5 times	A\$232,500	0.5 years	–	–	–	–
Michael Doolin ⁽¹⁾	1 times	US\$420,000	1 year	–	–	–	–
Leigh Junk ⁽¹⁾	0.5 times	A\$280,000	0.5 years	–	–	–	–
Oliver Turner	2 times	\$800,000	2 years	–	–	–	–

Notes:

- (1) Mr. Huet and Mr. Doolin are compensated in U.S. dollars. Mr. Humphry and Mr. Junk are compensated in Australian dollars.
(2) The aggregate value of benefits for the period is less than \$50,000 for each NEO other than Mr. Huet (aggregate amount listed above).

- (3) The value of Karora Options in respect of which vesting would have accelerated on a termination without cause was calculated using the closing price of the Karora Shares on the TSX on the last trading day of 2023, which was \$4.87 per share, less the exercise or base price of the award.
- (4) The value of RSUs in respect of which vesting would have occurred on a termination without cause was calculated using the closing price of the Karora Shares on the TSX on the last trading day of 2023, which was \$4.87 per share.
- (5) Entitled to the allotted cost of outplacement services.

Termination on a Change of Control (Double Trigger)

In the event of a change of control (as defined below) of the Corporation and a termination of the NEO's employment during the six-month period following such Change of Control (including by constructive dismissal), the NEO will be entitled to a lump sum payment of a multiple of the NEO's base salary and STI target (as detailed above under "Discussion of Summary Compensation Table – NEO Employment Agreements"). Vesting of Karora Options and other Awards is accelerated on a complete or partial basis on a change of control. The NEOs are also entitled to have their benefits coverage continue until the end of the compensation period. The Corporation will also provide certain NEOs with a lump-sum payment for outplacement services (see below).

A "change of control" is defined as when any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, or a natural person in his or her capacity as trustee of any of the foregoing, alone or acting in concert with any of the foregoing or combination of the foregoing, beneficially own or control, directly or indirectly, over 40% of the outstanding Karora Shares or the votes attaching thereto of the Corporation.

For illustrative purposes, had a change of control occurred on December 31, 2023, the amounts payable and the incremental value of Karora Options and Awards in respect of which vesting would have accelerated would have been as set out in the below table. Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name	Aggregate Amount Payable (for Base Salary and STI)	Aggregate Amount Payable for Benefits ⁽²⁾	Option-Based Awards – Value of Accelerated Vesting ⁽³⁾	Share-Based Awards - Value of Accelerated Vesting ⁽⁴⁾	Contribution Towards Outplacement Costs ⁽⁵⁾
Paul Huet ⁽¹⁾	US\$3,300,000	US\$106,961	US\$129,571	US\$6,962,976	US\$15,000
Derek Humphry ⁽¹⁾	A\$1,311,300	–	–	A\$839,281	A\$15,000
Leigh Junk ⁽¹⁾	A\$1,579,200	–	–	A\$6,154,957	A\$15,000
Michael Doolin ⁽¹⁾	US\$1,596,000	–	US\$34,457	US\$755,255	US\$28,305
Oliver Turner	\$1,520,000	–	–	\$889,101	\$28,305

Notes:

- (1) Mr. Huet and Mr. Doolin are compensated in U.S. dollars. Mr. Humphry and Mr. Junk are compensated in Australian dollars.
- (2) The aggregate value of benefits for the period is less than \$50,000 for each NEO other than Mr. Huet (aggregate amount listed above).
- (3) The value of Karora Options in respect of which vesting would have accelerated on a change of control was calculated using the closing price of the Karora Shares on the TSX on the last trading day of 2023, which was \$4.87 per share, less the exercise or base price of the award.
- (4) The value of RSUs in respect of which vesting would have accelerated on a change of control was calculated using the closing price of the Karora Shares on the TSX on the last trading day of 2023, which was \$4.87 per share.
- (5) Entitled to the allotted cost of outplacement services.

Clawback Policy

The Karora Board has adopted a Clawback Policy under which it may, in its sole discretion, to the full extent permitted by governing laws and to the extent it determines that it is in the best interests of the Corporation to do so, require the recoupment of all or a portion of certain incentive compensation paid to all current and former executive officers and members of management (the "**Senior Employees**") in certain circumstances when the Corporation has been required to issue restated financial results. Senior Employees will be required to reimburse, in all appropriate cases as determined by the Karora Board, any bonus, short-term incentive award or amount, or long-term incentive award or amount awarded to the executive officer or member of management and any non-vested equity-based awards previously granted to the executive officer or member of management (collectively "**Incentive Compensation**") if:

- (a) the amount of the Incentive Compensation was calculated based upon, or contingent on, the achievement of certain

For personal use only

financial results that were subsequently the subject of or affected by a material restatement or the correction of a material error; and (b) the Senior Employees was grossly negligent, or engaged in intentional misconduct, or fraud, causing or partially causing the need for the restatement or causing or partially causing the material error; and (c) the amount of the Incentive Compensation that would have been awarded to the executive officer or member of management, had the financial results been properly reported, would have been lower than the amount actually awarded. The recoupment mechanics are contained in the Clawback Policy. All Senior Employees are required to comply with the Clawback Policy and to complete a receipt and acknowledgement of same.

Share Ownership Policy

Karora has in place a Share Ownership Policy that serves to align the interests of members of senior management and the Directors with those of the shareholders of the Corporation, by requiring such persons to hold a significant number of Karora Shares, RSUs, DSUs and/or SARs of the Corporation.

Ownership Requirements

The CEO is required to hold Karora Shares having an aggregate value of at least three times his or her annual base salary. Each non-management Director is required to hold Karora Shares having an aggregate value of at least four times the annual Karora Board retainer (base) paid to the non-management Director during the applicable year. This policy was extended in March 2021 to all other NEOs – each is required to hold Karora Shares having an aggregate value of at least two times his or her annual base salary. Each subject person is required to reach the applicable threshold by the later of (i) that date which is three years following his or her appointment, and (ii) that date which is three years following the date the Share Ownership Policy was first adopted, and, with respect to any increases in base annual salary (in the case of the NEOs) or in the annual Karora Board retainer (base) paid to a non-management Director, the subject person will be required to reach the applicable threshold within three years after the increase or after the commencement of services, as applicable.

As of December 31, 2023, the CEO, the senior executives and each non-management Director were in compliance with these requirements.

Director Compensation

The Corporation's compensation philosophy for directors is designed to provide competitive compensation sufficient to attract, retain and motivate highly skilled and experienced directors. In 2023, Directors' compensation includes the components described below.

1. *Annual Retainer.* An annual retainer for the Lead Director, each other director (other than the Chairman), with an additional amount (as detailed below) for each committee Chair, detailed as follows for 2023 (in Canadian dollars):

Annual Karora Board Retainer (base) (for Directors other than the CEO and the Lead Director)	\$59,700
Annual Retainer for Lead Director	\$51,000
Additional Annual retainer for Audit Committee Chair	\$23,000
Additional Annual retainer for Chairpersons of other Karora Board Committees	\$18,000
Additional Annual retainer for Membership of Karora Board Committees	\$6,500

Directors may elect to receive these fees in cash, RSUs, DSUs or a combination thereof.

2. *Travel Fees.* Directors were paid \$1,400 per day for travel to and from meetings. Directors may elect to receive these fees in cash, RSUs, DSUs or a combination thereof. There were no additional meeting fees in 2023.
3. *Initial Grant.* An initial grant of a long-term retention (generally in the form of RSUs, DSUs or Karora Options) for each director upon being elected to the Karora Board.
4. *Annual Grant.* An annual grant of a long-term retention (generally in the form of RSUs, DSUs or Karora Options). For 2023, the long-term retention award was \$120,000 for directors other than the Lead Director, who was awarded an annual long-term retainer of \$148,000 in 2023.

For personal use only

The Policy of the Corporation is that total compensation for directors be targeted at the 75th percentile of the peer group.

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors for the Corporation's financial year ended December 31, 2023. All dollar figures are in Canadian dollars.

Name	Fees Earned ⁽¹⁾	Share-Based Awards ⁽²⁾	Option-Based Awards ⁽³⁾	All Other Compensation	Total Compensation
Peter Goudie	\$110,025	\$120,000	–	–	\$230,025
Scott M. Hand	\$138,150	\$148,000	–	–	\$286,150
Paul Huet ⁽⁴⁾	–	–	–	–	–
Shirley In't Veld	\$93,950	\$120,000	–	–	\$213,950
Meri Verli	\$110,150	\$120,000	–	–	\$230,150
Chad Williams	\$87,150	\$120,000	–	–	\$207,150
Tony Makuch ⁽⁵⁾	\$43,919	\$46,630	–	–	\$90,549

Notes:

- (1) Directors may elect to receive Director fees (listed above under "Fees Earned") in cash, RSUs, DSUs or a combination thereof.
- (2) This column represents RSUs and DSUs granted under the Karora Plan. Currently, pursuant to the Karora Plan, each non-employee director may receive a maximum annual value of \$100,000 worth of Karora Options and \$150,000 worth of share-based Awards. This provision does not apply to grants made prior to the amendments to the Karora Plan in 2019, one-time initial grants made to a new director upon joining the Karora Board, awards granted in lieu of cash fees, or cash settled RSUs or other cash-settled awards. The Corporation is in compliance with these limitations.
- (3) This column represents Karora Options granted under the Karora Plan. Currently, pursuant to the Corporation's Karora Plan, each non-employee director may receive a maximum annual value of \$100,000 worth of Karora Options and \$150,000 worth of share-based Awards. This provision does not apply to grants made prior to the amendment to the Karora Plan in 2019, one-time initial grants made to a new director upon joining the Karora Board, awards granted in lieu of cash fees, or cash settled RSUs or other cash-settled awards. The Corporation is in compliance with these limitations.
- (4) Mr. Huet receives compensation in his capacity as Executive Chairman and Chief Executive Officer and does not receive additional compensation for his role as a director of the Corporation.
- (5) Mr. Makuch was appointed to the Karora Board on August 10, 2023.

Share-Based Awards and Option-Based Awards as at December 31, 2023

The following table sets forth for each director all Awards outstanding at the end of the financial year ended December 31, 2023, including Awards granted before the most recently completed financial year that were still outstanding on December 31, 2023. All dollar figures are in Canadian dollars.

Name	Option-based Awards Vested and Unvested			Share-based Awards			
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price	Award expiration date	Value of unexercised in-the-money awards ⁽²⁾	Number of shares or units of shares that have not vested (#) ⁽³⁾	Market or payout value of share-based awards that have not vested ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed ⁽⁴⁾
Peter Goudie	<u>Karora Options</u> 53,111	\$2.97	5/24/2024	\$100,911	–	–	\$857,023

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price	Award expiration date	Value of unexercised in-the-money awards ⁽²⁾	Number of shares or units of shares that have not vested (#) ⁽³⁾	Market or payout value of share-based awards that have not vested ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed ⁽⁴⁾
Scott M. Hand	<u>Karora Options</u> None	–	–	–	35,260	\$171,716	\$1,199,038
Shirley In't Veld	<u>Karora Options</u> None	–	–	–	–	–	\$518,139
Meri Verli	<u>Karora Options</u> None	–	–	–	31,506	\$153,434	\$110,179
Chad Williams	<u>Karora Options</u> None	–	–	–	4,589	\$22,348	\$392,921
Tony Makuch	<u>Karora Options</u> None	–	–	–	50,000	\$243,500	\$94,512

Notes:

- (1) This column represents Karora Options.
- (2) The value of unexercised option-based awards was calculated using the closing price of Karora Shares on the TSX on the last trading day of 2023 of \$4.87 less the exercise or base price of the award.
- (3) This represents RSUs and DSUs.
- (4) The market or payout value was calculated using the closing price of Karora Shares on the TSX on the last trading day of 2023 of \$4.87.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth details of the value vested or earned by each director during the financial year ended December 31, 2023 for each incentive plan award. All dollar figures are in Canadian dollars.

Name	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year ⁽²⁾
Peter Goudie	–	–
Scott M Hand	–	\$56,996
Shirley In't Veld	–	–
Meri Verli	–	\$48,318
Chad Williams	–	\$85,122
Tony Makuch	–	\$129,750

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the applicable awards had been exercised or redeemed, as applicable, on the vesting date.

- (2) Represents RSUs and DSUs received in prior years as long-term retention awards that vested during 2023 and does not include RSUs and DSUs received by Directors at their election in lieu of base retainers or meeting fees. Such values were calculated using the closing price of Karora Shares on the applicable vesting date on the TSX.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the most recently completed financial year.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding Karora Options, warrants and rights (#) (a)	Weighted-average exercise price of outstanding Karora Options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (#) (c)
Equity compensation plans approved by securityholders ⁽¹⁾			
Karora Options	396,367	\$2.51	
Awards	6,773,529	–	
Sub Total	7,169,896 ⁽²⁾		6,015,284
Equity compensation plans not approved by securityholders	–	–	–
Total	7,169,896	–	6,015,284

Notes:

- (1) The maximum number of Karora Shares issuable upon the exercise of Karora Options and made available as Awards, in aggregate, shall not exceed 7.5% of the issued and outstanding Karora Shares from time to time, of which the maximum number of Karora Shares made available for issuance pursuant to Awards granted under the Karora Plan shall not exceed 5.5% of the outstanding Karora Shares from time to time.
- (2) Includes Karora Options and Awards under Karora Plan, which Awards include 396,367 Karora Options, 2,754,473 RSUs, 3,427,129 PSUs and 591,927 DSUs.

Indebtedness of Directors and Executive Officers

No director, proposed nominee for election as a director, executive officer, employee or associate of any such persons has been or is indebted to the Corporation, nor has the Corporation guaranteed any loans on behalf of any of these persons.

Interest of Informed Persons in Material Transactions

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any other informed person of the Corporation (as defined in NI 51-102), any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such person, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Karora considers good corporate governance to be central to the effective and efficient operation of its business and is committed to implementing high standards of corporate governance and reporting. The Karora Board reviews and formulates policies with respect to corporate governance issues. Karora attempts, so far as is practical and reasonable

given the nature of Karora's business and available resources, to seek to adhere to the guidelines outlined in National Policy 58-201 – *Corporate Governance Guidelines*.

Board of Directors

Composition of the Karora Board

The Karora articles of incorporation and by-laws of the Corporation provide that its board be comprised of a minimum of three directors and a maximum of ten directors. The Karora Board has considered the independence of each of its directors. Consistent with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), to be considered independent, the Karora Board must conclude that a director has no material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Karora Board, be reasonably expected to interfere with the exercise of a director's independent judgment and includes an indirect material relationship. The Karora Board has concluded that all directors standing for election other than Paul Huet and Tony Makuch are "independent" as defined in NI 58-101. Mr. Huet is considered non-independent as a result of his managerial role as Chairman and Chief Executive Officer of the Corporation. Mr. Makuch is considered non-independent as a result of his role as a consultant to the Corporation within the last three years.

Chairman of the Board

The prime responsibility of the Chairman is to provide leadership to the Karora Board to enhance board effectiveness. Paul Huet currently serves as Chairman and is considered non-independent under applicable securities laws. The Karora Board has ultimate accountability for supervision of management of the business and affairs of the Corporation. Critical to meeting this accountability is the relationship between the Karora Board, management and shareholders. The Chairman oversees these relationships and acts as the presiding member of the Karora Board with a view to ensuring that these relationships are effective, efficient and further the best interests of the Corporation.

Lead Director

Lead Director is a non-executive position which focuses on ensuring open and candid discussion takes place among the independent directors, and between independent and non-independent directors. The Corporation appoints a Lead Director in circumstances where the Chairman of the Karora Board is considered non-independent under applicable securities laws. Mr. Hand current services as Lead Director. To enhance the effectiveness of the Karora Board, among other things, the Lead Director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present at Karora Board meetings.

Other Directorships

Certain directors of the Corporation who are standing for election are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below.

Director	Public Corporation
Shirley In't Veld	Alumina Ltd. Develop Global Ltd.
Chad Williams	Blue Thunder Mining Inc. Honey Badger Silver Inc.
Tony Makuch	Wallbridge Mining Company Limited Discovery Silver Corp. Borealis Mining Company Limited West Red Lake Gold Mines Ltd.

Director Interlocks

None of the Corporation's directors currently sit on other public company boards of directors with other current directors.

For personal use only

Attendance at Meetings

The Karora Board meets regularly to review the activities and financial results of the Corporation and as necessary to review and consider significant impending actions of the Corporation. For the attendance record of each director for all Karora Board meetings held during the financial year ended December 31, 2023, please see the table under "*Business of the Meeting – Election of Directors*".

Independent Directors' Meetings

The Karora Board meets at least once each quarter, with additional meetings held as deemed necessary. A session of the independent directors is held at which non-independent directors, if any, and members of management are not in attendance at the end of each regularly scheduled board meeting. In 2023, six board meetings were held at which such independent sessions were held.

Board Mandate

The Charter of the Karora Board (the "**Board Charter**") sets out the roles and responsibilities to be discharged by directors. A copy of the Board Charter is attached as Exhibit A to this Appendix R.

Position Descriptions

Written position descriptions have been developed by the Karora Board for the Chairman of the Karora Board, the Lead Director of the Karora Board, the Chairs of the committees of the Karora Board and the Chief Executive Officer of the Corporation. These position descriptions have been approved by the Karora Board.

Orientation and Continuing Education

In accordance with the Corporation's policies on orientation for new directors, each new director is provided a copy of the Corporation's Director Handbook, which contains written information about the Corporation's governing documents, code of business conduct and ethics, charters and other material information about the Corporation. Directors are strongly encouraged to visit the Corporation's facilities and operations and to meet with the senior executives of the Corporation, when appropriate. In 2022, all directors attended site visits at the Corporation's Beta Hunt Mine and Higginsville Gold Operations, and the Karora Board held its third quarter Karora Board meetings in Perth, Australia. Directors are also encouraged to be a member of a professional director organization and/or have a subscription with an organization that provides educational materials or corporate governance and/or director responsibilities, current trends and other relevant director information. The Karora Board and its Committees also from time to time conduct continuing education sessions for Directors and senior management (for example, in 2022, various presentations were provided to Directors regarding ESG matters, proxy advisory firm guidance on best practices, and a presentation was made to the Audit Committee and management with respect to new accounting and auditing guidelines).

Code of Business Conduct and Ethics

The Karora Board has adopted a written Code of Business Conduct and Ethics (the "**Karora Code**") to outline principles to which Karora's employees, officers and directors are expected to adhere in the conduct of the Corporation's business. The Karora Code addresses, among other things, conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of illegal or unethical behaviour. All employees, officers and directors are expected to abide by the Karora Code. Compliance with the Karora Code is monitored by the Corporate Governance and Nominating Committee. In order to ensure compliance with the Karora Code, directors, officers and other employees of the Corporation may be required to provide certificates of compliance with the Karora Code at least annually. The Karora Code is available on SEDAR+ (www.sedarplus.com) under Karora's issuer profile and on Karora's website at www.karoraresources.com.

The Corporation has also adopted a whistleblower policy, an insider trading policy and other policies with a view to promoting a culture of ethical business conduct.

For personal use only

Director Nominations

The Corporate Governance and Nominating Committee (the "**CGN Committee**") assists in the identification of and recommends to the Karora Board nominees for election or re-election to the Karora Board, or for appointment to fill any vacancy that is anticipated or has arisen on the Karora Board. The process by which the Karora Board will identify new candidates for Karora Board nomination will involve: periodically, or as frequently as deemed necessary, reviewing the appropriate skills and characteristics required of Karora Board members to add value to the Corporation; periodically, or as frequently as deemed necessary, reviewing the current composition of the Karora Board in light of the characteristics of independence, diversity, age, skills, experience and availability of service of its members and of anticipated needs; and seeking and reviewing individuals qualified to become members of the Karora Board, in the context of the Corporation's needs and the criteria established by the Karora Board.

To assist in this key function, the CGN Committee now maintains a list of potential director candidates to assist in filling vacancies. In addition to possessing the characteristics and skills determined by the CGN Committee to be lacking in the current Karora Board composition, nominees must be able to devote the time and effort required to fulfil his or her duties as members of the Karora Board.

Majority Voting Policy

Effective August 31, 2022, the CBCA was amended to require majority voting for individual directors in uncontested director elections. The CBCA now provides that shareholders will be allowed to vote "for" or "against" each nominee for the Karora Board (as opposed to "for" or "withhold") and, each nominee will be elected only if the number of votes cast in his or her favour represents a majority of the votes cast for and against such nominee at the Meeting. However, the CBCA also provides for a transitional period for any incumbent director who is not re-elected at the Meeting as a result of not receiving a majority of the votes in their favour, which permits such director to continue in office until the earlier of: (i) the 90th day after the day of the election; and (ii) the day on which their successor is appointed or elected. The Corporation has had a majority voting policy in place since 2013 in compliance with the rules of the TSX. The Corporation has amended its majority voting policy to align with the CBCA majority voting requirements.

Board Tenures, Term Limits

The period of time served by each current Karora Board member is as follows: (i) Mr. Huet, 5.5 years, (ii) Mr. Hand, 16 years, (iii) Mr. Goudie, 16 years; (iv) Mr. Williams, 4 years, (v) Ms. In't Veld, 2.5 years, (vi) Ms. Verli, 2 years, and (vii) Mr. Makuch, 0.5 years. Average tenure of the Karora Board as a whole is approximately 6.6 years.

The Corporation is committed to ensuring that the Karora Board at all times has the appropriate mix of skills, expertise and knowledge. It has not adopted, and is not currently contemplating the adoption of, formal term limits or a formal retirement policy for its directors. The Corporation believes that the imposition of such limits could be counter-productive as it has been the Corporation's experience that its more senior directors, who may have been forced to retire if such policies were implemented, continue to provide invaluable insight, perspectives and guidance that are critical as the Karora Board and senior management work to achieve Karora's strategic and operational objectives. Renewal is facilitated through the annual assessments of the Karora Board, its committees, committee chairs and individual Directors (described below) in which Karora Board members evaluate each other and the Karora Board as a whole in order to determine whether there are areas where the Karora Board requires improvement.

The addition to the Karora Board of Paul Huet (in 2018), a highly regarded and experienced gold mining industry executive, Chad Williams (in 2020), with extensive mining-focused capital markets and leadership experience, Shirley In't Veld (in 2021) with extensive senior executive management and board experience, Meri Verli (in 2022) with extensive mining and senior finance-related management experience, and Tony Makuch (in 2023) with extensive senior executive management and board experience in the mining industry, are examples of the Karora Board's commitment to renewal and improvement as circumstances warrant.

Board Assessments & Skills Matrix

The Karora Board has responsibility under its Charter to assess its own effectiveness, including by monitoring the effectiveness of its committees and individual directors. The CGN Committee is responsible for establishing criteria and processes for, and leading the Karora Board in, such evaluations (which are performed annually). The results of this exercise are reported to the full Karora Board by the chair of the CGN Committee.

For personal use only

The CGN Committee has also developed a skills matrix survey in order to assist the Karora Board in evaluating the experience and competencies of each current Director, and in considering any potential gaps when considering potential new Director candidates.

Diversity and Inclusion

The Corporation believes that decision-making is enhanced through diversity in the broadest sense. In the context of an effective board of directors, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value. The Corporation further believes that diversity provides a competitive advantage and makes for better decisions, which create further value for shareholders. The Corporation supports and encourages diversity at all levels, as is reflected in its Diversity and Inclusion Policy. See "*Canada Business Corporations Act requirements on Diversity*" below.

Board Diversity

The Corporation's Diversity and Inclusion Policy provides, among other things, that in reviewing Karora Board composition, the CGN Committee will consider the benefits of all aspects of diversity, including gender, age, ethnicity, disability and geographical background of each candidate, in order to enable the Karora Board to discharge its duties and responsibilities effectively. The Karora Board is committed to ensuring that gender diversity is actively pursued and implemented. With this in mind, the Corporation has committed to having women make up at least 30% of the Karora Board. Having regard to the four "designated groups" specified by the CBCA (women, members of a visible minority, persons with a disability and Aboriginal person), Karora Board appointment recommendations look to highly qualified individuals based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge. In identifying suitable candidates for appointment to the Karora Board, the CGN Committee considers candidates on merit against objective criteria as described above and with due regard for the benefits of diversity on the Karora Board. The Karora Board is committed to ensuring that gender diversity is actively pursued. When filling a vacancy, the CGN Committee generally seeks women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry. Selection of female candidates to join the Karora Board will be, in part, dependent on the pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and expected contribution of the chosen candidate. See "*Canada Business Corporations Act requirements on Diversity*" below.

Senior Management Diversity

The Diversity and Inclusion Policy also covers senior executive appointments and requires the Chief Executive Officer of the Corporation to have reference to the policy in selecting and assessing candidates and in presenting recommendations to the Karora Board regarding appointments to the senior executive team. The Diversity and Inclusion Policy requires the Karora Board to also consider all aspects of diversity and the objectives of the policy when considering those recommendations. In addition to senior executive appointments, diversity is an important consideration as the Corporation recruits other personnel at all levels of the organization. Having regard to the four "designated groups", the Corporation looks to hire highly qualified individuals at all levels of the organization based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge. See "*Canada Business Corporations Act requirements on Diversity*" below.

Effectiveness of the Diversity and Inclusion Policy

The CGN Committee measures the effectiveness of the Diversity and Inclusion Policy by monitoring the initiatives undertaken by the Corporation to promote diversity within the organization, and ensuring that balanced slates of candidates are presented for board searches and senior management positions where possible and reviews the Diversity and Inclusion Policy and its objectives annually to assess its effectiveness and reports to the Karora Board and recommends any revisions that may be necessary.

For personal use only

Canada Business Corporations Act requirements on Diversity

Effective January 1, 2020, the CBCA was amended to require additional disclosures about diversity. Although the CGN Committee and the Karora Board have not adopted a target number or percentage objective for each of the "designated groups" (as such term is defined in the CBCA which, in turn, is defined in the *Employment Equity Act* (Canada)), the Karora Board, its relevant committees and senior management actively consider and review whether candidates representing diversity criteria have been considered and/or appointed to senior management positions and to the Karora Board.

In addition to the designated groups stipulated by the CBCA, the Corporation views diversity in the broadest sense and consider the following as examples of additional diversity dimensions that are equally important and necessary across our organization: diversity of thought, perspectives and life experience which can include education, socioeconomic status, language, sexual orientation, values and beliefs, among others. For these reasons and in light of all that is currently considered and actively discussed about diversity, our Diversity and Inclusion Policy was not amended to add (and does not include) targets and objectives for women, visible minorities, persons with disabilities or aboriginal persons (as such terms are defined in the *Employment Equity Act* (Canada)) on its board or executive positions at this time.

As it relates to the "designated groups" specified by the CBCA (the below information is provided as of the date of this Circular):

- two (29%) of Karora's seven directors, and none of Karora's NEOs, is a woman;
- none of Karora's seven directors, and none of Karora's NEOs, self-identifies as a member of a visible minority; and
- none of Karora's seven directors, and none of Karora's NEOs, self-identifies as a person with a disability or an Aboriginal person.

Other Board Committees

In addition to the CGN Committee, the other standing committees of the Karora Board are the Audit Committee, the Human Resources & Compensation Committee and the Technical, Safety and Sustainability Committee (the "**TSS Committee**"). The primary functions of each of these committees is described below.

Audit Committee

The primary function of the Audit Committee is to assist the Karora Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation in accordance with 52-110. This includes oversight and evaluation of: (i) external auditors, (ii) risk management, (iii) financial statements and other financial information, (iv) internal controls, (v) disclosure controls and reporting, (vi) legal and regulatory compliance, and (vii) overseeing non-audit services.

Additional audit committee disclosure is set out under the heading "*Audit Committee Information*" in the Corporation's Annual Information Form dated April 1, 2024

Human Resources & Compensation Committee

It is the Human Resources and Compensation Committee's responsibility to: develop a compensation philosophy and policy; evaluate and make recommendations to the Karora Board regarding cash, equity-based and incentive compensation of the Corporation's directors and senior executives; review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and make recommendations to the Karora Board for the Chief Executive Officer's compensation based on the evaluation; oversee succession planning with respect to the Corporation's senior management; review and make recommendations to the Karora Board with respect to the compensation of directors; make certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; and review executive compensation disclosure before the Corporation publicly discloses the information.

Technical, Safety and Sustainability Committee

The TSS Committee is responsible for overseeing the development and implementation of policies and management systems of the Corporation relating to exploration, development and operational matters, including environmental and health and safety issues in order to ensure compliance with applicable laws and best management practices. The TSS Committee also oversees all major capital growth and development projects. It is the TSS Committee's responsibility to ensure adequate resources are available and systems are in place for management of the Corporation to implement appropriate operational, environmental, health and safety programs and to ensure that the Corporation has implemented an environmental and health and safety compliance audit program. The TSS Committee is also responsible for the review of sustainability initiatives, technical reports prepared for the Corporation under NI 43-101, and news releases and other disclosure announcing technical results on the Corporation's material properties.

Shareholder Engagement Policy

In order to ensure that it is responsive to shareholders and other stakeholders the Karora Board has adopted a Shareholder Engagement Policy to formalize how shareholders may engage with management and the Karora Board. The Shareholder Engagement Policy can be found at <https://www.karoraresources.com/governance>. The Corporation believes that regular and constructive engagement with shareholders is important in contributing to good corporate governance and transparency. The Corporation communicates regularly and extensively with shareholders and other stakeholders through various channels, including annual reports, management information circulars, quarterly reports, annual information form, news releases, web site and presentations at its annual meeting of shareholders, one-on-one and group meetings, and industry conferences. In addition, the Corporation's quarterly earnings call is open to all, over the phone or webcast.

The Corporation recognizes that feedback from shareholders assists management in understanding what information and disclosure is most meaningful to shareholders and the broader investment community. All shareholder inquiries and comments relating to the business and operations of the Corporation, financial results, strategic direction and similar matters are to be directed to the Corporation's Investor Relations team at info@karoraresources.com. Management engages with shareholders through one-on-one or group meetings between management and institutional shareholders and at the annual meeting, as well as by letter (via regular mail or courier), e-mail or telephone contact. This engagement is coordinated through the Corporation's Investor Relations office.

NORMAL COURSE ISSUER BID

On October 30, 2023, the Corporation announced that the TSX had accepted its notice of intention to proceed with a normal course issuer bid (the "**Bid**") for its Karora Shares. Pursuant to the Bid, the Corporation is permitted to purchase, during the twelve-month period commencing on November 1, 2023 and ending on October 31, 2024, up to 8,886,939 of its Karora Shares, representing approximately 5% of the Corporation's issued and outstanding Karora Shares on October 25, 2023. Under the Bid, the Corporation can purchase up to 138,915 Karora Shares on the TSX during any trading day, representing approximately 25% of 555,682, which represents the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of the Bid. Any Karora Shares purchased under the Bid will be cancelled. As at the date of this Circular, nil Karora Shares have been purchased for cancellation by the Corporation through the Bid. A copy of the notice of intention to proceed with the Bid may be obtained upon request.

ADDITIONAL INFORMATION

The CBCA, which governs the Corporation, provides that shareholder proposals must be received within sixty (60) days of the anniversary date of the Corporation's last annual meeting to be considered for inclusion in the proxy statement and the form of proxy for this annual meeting.

Additional information relating to the Corporation is available on SEDAR+ (www.sedarplus.com) under Karora's issuer profile. Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis ("**MD&A**") for the year ended December 31, 2023.

In addition, copies of the Corporation's audited financial statements and MD&A may be obtained upon request to the Chief Financial Officer of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

For personal use only

**EXHIBIT A TO APPENDIX R
CHARTER OF THE BOARD OF DIRECTORS**

1. ROLE OF THE BOARD

The role of the board of directors (the "**Board**") of Karora Resources Inc. (the "**Corporation**") is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the Chief Executive Officer ("**CEO**"). In doing so, the Board acts at all times with a view to the best interests of the Corporation.

2. AUTHORITY AND RESPONSIBILITIES

The Board meets regularly to review reports by management on the performance of the Corporation with, as set out in the charters of the committees of the Board, the assistance of the established Board committees. In addition to the general supervision of management, the Board performs the functions set out below.

2.1 Strategic Planning

The Board is responsible for overseeing the strategic planning process within the Corporation and periodically reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives.

2.2 Fiduciary Duty

When acting with a view to the best interests of the Corporation, the duty of loyalty will of necessity demand that Board considers the interests of the stakeholders of the Corporation. This includes considering the long-term sustainability of the Corporation's business.

To understand the best interests of the Corporation, the Board should have knowledge of the stakeholders of the Corporation, which may include but not be limited to people and organizations interested in or representing the following: shareholders, climate and greenhouse gasses, communities in which the Corporation operates, governments, customers, employees and contractors, pollution and environmental damage, supply-chain parties, and holders of the Corporation's debt.

2.3 Risk Assessment

The Board is responsible for assessing the major risks facing the Corporation and reviewing, approving, monitoring and mitigating those risks.

2.4 CEO

The Board is responsible for developing the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and setting the compensation for the CEO.

2.5 Succession Planning

The Board is responsible for succession planning for the CEO of the Corporation. The Corporate Governance and Nominating Committee oversees succession planning associated with the members of the Board (with final approval by the Board). The Human Resources and Compensation Committee oversees succession planning associated with executives who report directly to the CEO, the Managing Director, Australia and the Chief Operating Officer, Australia (collectively, the "**Executives**"), with final approval by the Board.

For personal use only

2.6 Executives

The Board is responsible for overseeing the selection, evaluation and compensation of the Executives, and monitoring succession planning in respect of these roles (the Human Resources and Compensation Committee shall have direct responsibility for Executive succession planning).

2.7 Disclosure Policy

The Board is responsible for adopting a disclosure policy for the Corporation which is designed to ensure the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views.

2.8 Financial Statements and Internal Controls

The Board is responsible for:

- (a) reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity, including its disclosure controls and procedures and its internal controls and procedures for financial reporting and compliance; and
- (b) reviewing and approving the financial statements of the Corporation, as recommended by the Audit Committee of the Board.

2.9 Environment, Social and Governance

The Board is responsible for:

- (a) reviewing management reports on sustainability, environmental and social matters (including local community engagement activities), including the Corporation's record of performance on social and environmental matters, along with any proposed actions based on the record of performance;
- (b) reviewing with management the Corporation's goals, policies and programs relative to sustainability issues;
- (c) reviewing the results of any sustainability and environmental audits;
- (d) making inquiries of management concerning the Corporation's compliance with its goals, policies, and programs and with applicable laws, rules, regulations and standards of corporate conduct;
- (e) confirming that management has in place compliance procedures that:
 - (i) allow the Corporation to respond to social and environmental violations and incidents in a timely and effective manner;
 - (ii) allow the Board to receive adequate notification of such violations and incidents; and
 - (iii) promote accountability, the avoidance of incidents and violations and improvements in the future;
- (f) reviewing with management the following items as they relate to social, sustainability and environmental matters:
 - (i) the Corporation's policies with respect to risk assessment and risk management;
 - (ii) the steps management has taken to monitor and control environmental risk exposures; and

- (iii) the effect of relevant regulatory initiatives and trends;
- (g) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Corporation.

2.10 Maintaining Integrity

On an ongoing basis, the Board must satisfy itself as to the integrity of the CEO and other Executives and that the CEO and other Executives create a culture of integrity throughout the Corporation, including compliance with its Code of Business Conduct and Ethics.

2.11 Standing Committees

The Board has established the following standing committees (each, a "**Committee**") to assist the Board in discharging its responsibilities: (i) Audit; (ii) Corporate Governance and Nominating; (iii) Human Resources and Compensation; and (iv) Technical, Safety and Sustainability. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each Committee reports to the Board following meetings of the Committee. The terms of reference of each standing Committee are reviewed periodically by the Board.

2.12 Evaluation

The Corporate Governance and Nominating Committee performs an annual assessment of (i) the effectiveness of the Board as a whole, the Committees of the Board and the contributions of individual directors, and (ii) the skills level of Board members in various listed categories.

2.13 Compensation

The Human Resources and Compensation Committee recommends to the Board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Corporation and aligns the interests of the directors with the best interests of the Corporation.

2.14 Access to Independent Advisors

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Chair of the Board, retain an outside advisor at the expense of the Corporation.

3. COMPOSITION AND PROCEDURES

3.1 Size of Board and Selection Process

The directors of the Corporation are elected each year by shareholders at the annual meeting of shareholders. The Board, with the assistance of the Corporate Governance and Nominating Committee, proposes individual nominees to shareholders for election. Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal upon compliance with the requirements prescribed by the *Canada Business Corporations Act* ("**CBCA**") or by complying with the advance notice requirements of the Corporation's by-laws. The Board also recommends the number of directors on the Board to shareholders for approval. Between annual meetings, the Board may appoint directors to serve until the next annual meeting subject to the CBCA and the Corporation's by-laws.

3.2 Qualifications

Directors should have the highest personal and professional integrity, ethics and values and be committed to advancing the best interests of the Corporation. They should possess skills and competencies in areas that are relevant to the

Corporation's activities. A majority of the directors will be independent based on the rules and guidelines of applicable stock exchanges and securities regulatory authorities.

3.3 Chair of the Board & Lead Director

Where the Chair of the Board is determined not to be "independent" (as interpreted in accordance with Canadian securities laws), whether by virtue of serving an Executive Chair or otherwise, the Board will appoint a Lead Director to provide independent leadership to the Board.

3.4 Director Orientation

The Corporation's management team is responsible for providing an orientation and education program for new directors.

4. MEETINGS

The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Prior to each Board meeting, the CEO discusses agenda items for the meeting with the Chair of the Board or the Lead Director, as applicable. Materials for each meeting are distributed to the directors in advance of the meetings. At the conclusion of each regularly scheduled meeting, the independent directors meet without management present. The Corporate Secretary of the Corporation will prepare minutes of all Board meetings, which shall be available for review by the Board. Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days following the date of each such meeting.

4.1 Attendance

Directors are expected to attend all properly called meetings in person or by telephone, videoconference or other similar electronic means. As a minimum, directors are expected to attend at least 75% of all properly called meetings and to have reviewed meeting materials in advance.

4.2 Quorum

Subject to the by-laws of the Corporation, quorum for the transaction of business of the Board shall be a majority of the number of the members of the Board. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place.

4.3 Notice

Subject to the CBCA and the articles and by-laws of the Corporation, Board meetings shall be held from time to time and at such place as any member of the Board shall determine upon reasonable notice to each of its members which shall not be less than forty-eight (48) hours. The notice period may be waived by all members of the Board. If any one of the Chairperson of the Board or the CEO considers it a matter of urgency that a meeting of the Board be convened, he or she may give notice of a meeting by means of any telephonic, electronic or other communication facility no less than one hour before the meeting. No notice of a meeting will be necessary if all the directors in office are present or if those absent waive notice of that meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.4 Participation

Members may participate in a meeting of the Board in person or by means of telephone, web conference or other communication equipment that permits all persons to participate in the meeting adequately. The Board may invite other officers and employees of the Corporation and such other advisors and persons as is considered advisable to

For personal use only

attend any meeting of the Board. For greater certainty, the Board shall have the right to determine who shall and who shall not be present at any time during a meeting of the Board.

4.5 Voting

Subject to the CBCA and the articles and by-laws of the Corporation, any matter to be determined by the Board shall be decided by a majority of the votes cast at a meeting of the Board called for such purpose. Any action of the Board may also be taken by an instrument or instruments in writing signed by all of the members of the Board (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose. In case of an equality of votes, the Chairman of the Board will not be entitled to a second or casting vote.

For personal use only

For personal use only

For personal use only

