



Carawine Resources Limited
ACN 611 352 348

Target's Statement

This Target's Statement has been issued in response to the on-market takeover bid made by QGold Pty Ltd (ACN 149 659 950) for all of the ordinary shares in Carawine Resources Limited (ACN 611 352 348) for \$0.21 per ordinary share.

**THE CARAWINE DIRECTORS UNANIMOUSLY
RECOMMEND THAT YOU **REJECT** THE OFFER
FROM QGOLD**

To reject QGold's Offer **do nothing**.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read all of this document. If you are in any doubt as to how to deal with this document, you should consult your investment, financial, taxation or other professional advisor immediately.

Legal Adviser

STEINEPREIS PAGANIN
Lawyers & Consultants 

Corporate Adviser


BRIDGE STREET
CAPITAL PARTNERS

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KEY DATES

QGold's Offer announced and Bidder's Statement lodged with ASIC and the ASX	22 February 2022
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Bidder's appointed broker commences standing in the market to acquire Carawine Shares at the Offer Price	22 February 2022
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Date of this Target's Statement	8 March 2022
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Offer Period commences	9 March 2022
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Scheduled close of Offer Period (unless the Offer is extended or withdrawn*)	4:00pm (Sydney time) on 22 April 2022
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**Note: the Offer may only be withdrawn in exceptional circumstances in accordance with the Corporations Act as summarised in section 5.7 of this Target's Statement.*

CARAWINE SHAREHOLDER INFORMATION

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your investment, financial, taxation or other professional advisor immediately.

If you require further information or have any queries in relation to QGold's Offer as a Carawine Shareholder, please contact the Offer Information Line on 1800 500 710 between 8:30am and 8:00pm (Sydney time) Monday to Friday.

Further information relating to QGold's Offer can be obtained from the Bidder's Statement and Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Carawine Resources Limited (ACN 611 352 348) (**Carawine** or the **Company**) dated 8 March 2022 under Part 6.5 Division 3 of the Corporations Act in response to the on-market takeover bid made by QGold Pty Ltd (ACN 149 659 950) (**QGold** or the **Bidder**) on 22 February 2022 for all the ordinary shares in Carawine which the Bidder (or its Associates) does not already own or control.

ASIC and ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to the ASX on 8 March 2022. Neither ASIC, the ASX nor any of their respective officers takes any responsibility for the contents of this Target's Statement.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in section 10 of this Target's Statement. Section 10 of this Target's Statement also sets out some rules of interpretation which apply to this Target's Statement.

No account of personal circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product or investment advice. The recommendations and other information contained in this Target's Statement should not be taken as personal, financial or taxation advice, as each Carawine Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. Your Carawine Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. All statements other than statements of historical fact are forward looking statements and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. You should note that these forward looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of Carawine. Actual values, results, performance or achievements may differ materially from those expressed or implied by any forward looking statements. The risks, variables and other factors that may affect the forward looking statements include matters specific to the industry in which Carawine operates as well as economic and financial market conditions; legislative, fiscal or regulatory developments; the price performance of Carawine Shares, commodity price fluctuations, input price fluctuations, currency fluctuations, interest rates, actual demand, geotechnical factors, political conditions in various countries, approvals and cost estimates, operating results including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of Carawine.

None of Carawine, its Subsidiaries or any of their respective officers and employees, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of fulfilment of any forward looking statement, or any values, results, performance or achievements or other events expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Carawine and its officers disclaim any obligation or undertaking to update or revise any forward looking statement to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

Disclaimer as to information about the Bidder obtained from public sources

The information in this Target's Statement about the Bidder has been compiled from or is otherwise based on information obtained from publicly available sources, including information in the Bidder's Statement, and has not been independently audited or verified by Carawine or its advisers. If the information obtained from public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. Accordingly, Carawine does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of any information in relation to Bidder. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Discrepancies between totals in tables and or in calculations are due to rounding.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained

in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

Carawine has collected your information from the register of Carawine Shareholders for the purpose of providing you with this Target's Statement. The type of information Carawine has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Carawine. Without this information, Carawine would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Carawine's related bodies corporate and external service providers (including the share registry of Carawine and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Carawine, please contact the Offer Information Line. Calls to the Offer Information Line may be recorded.

No internet site forms part of this Target's Statement

No internet site forms part of this Target's Statement. No document or other information available on the Company's website is incorporated into this Target's Statement by reference.

CHAIRMAN'S LETTER



8 March 2022

Dear Shareholder

QGOLD'S TAKEOVER OFFER

On 22 February 2022, QGold Pty Ltd (**QGold**) announced an unsolicited, unconditional on-market takeover offer for all of the ordinary shares in Carawine Resources Limited (**Carawine**) at \$0.21 cash per ordinary share (the **Offer**).

It is not every day that a junior explorer receives an unconditional, all-cash takeover offer which provides shareholders with a liquidity event and a decision to make. While we recognise that some Shareholders may choose to take advantage of the opportunity to sell some or all of their Shares, we believe that the Offer is opportunistic and does not factor in the potential upside associated with future exploration discovery.

Your Board has carefully considered the Offer to assess whether it is in the best interests of Shareholders, and are of the view that you should **REJECT** the Offer, for the following key reasons:

1. **The Offer Price undervalues your Shares and fails to recognise the full underlying potential of Carawine's projects.** Carawine has accumulated an interest in five Australian exploration projects at a time of high strategic and investor interest in the minerals sector. The current focus of the Company's exploration efforts is the Tropicana North Project, which has already generated a high-grade gold discovery. Carawine is actively following up this discovery through additional drilling programs planned over the next 6 to 12 months. The Directors believe Carawine's portfolio of projects has substantial potential and strategic value, which is not reflected in the Offer Price. Results from exploration and drilling programs are anticipated to be released to the market in the short to medium term (refer to section 3.2 of this Target's Statement for further details).
2. **QGold's Offer represents a very modest 12.3% premium to the 3-month VWAP of \$0.187 and only a 3.6% premium to the 6-month VWAP of \$0.203.** The Board considers these are substantially below typical takeover premiums for junior resources companies, highlighting the opportunistic timing of the Offer.
3. **Market trading between the announcement of the Offer and the Last Practicable Date has, for the most part, been above the Offer Price.** This demonstrates that some independent investors believe there is greater value in Carawine than that which is reflected by the Offer Price.
4. **You will no longer have exposure to any potential upside in Carawine and its exploration projects.**
5. **You will not be able to accept or receive the benefit of any superior proposal or any increase in the Offer Price that may emerge.**

Section 2 of this Target's Statement contains further information in relation to each of these reasons.

To REJECT the Offer, do nothing and ignore all documentation sent to you by QGold.

The Offer is presently scheduled to close at 4:00pm (Sydney time) on 22 April 2022, unless extended or withdrawn.

I urge you to read this Target's Statement in full and to seek any independent financial, legal, taxation or other professional advice that you require before making a decision to accept or reject the Offer.

If you have any queries in relation to the Offer as a Shareholder, please contact the Offer Information Line on 1800 500 710 between 8:30am and 8:00pm (Sydney time) Monday to Friday.

Your Directors will continue to keep all Shareholders informed of material developments in relation to the Offer. Announcements relating to the Offer and Carawine can be found on Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Will Burbury', with a stylized flourish at the end.

**Will Burbury
Non-Executive Chairman
Carawine Resources Limited**

1. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Carawine Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
What is the Bidder's Statement?	The Bidder's Statement is the document prepared by QGold setting out the terms of the Offer. You should have received a copy of the Bidder's Statement on or about the date of this Target's Statement, alternatively it is available to view on Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).
What is this Target's Statement?	<p>This document is the Target's Statement. The Target's Statement has been prepared by Carawine and contains Carawine's formal response to the Offer and includes the recommendations of the Directors in relation to the Offer.</p> <p>The Directors encourage you to review the information in this Target's Statement and the Bidder's Statement carefully before making a decision to accept or reject the Offer.</p>
Who is making the Offer?	<p>QGold, which is a substantial shareholder of Carawine.</p> <p>As at the Last Practicable Date, according to substantial holding notices lodged with the Company, QGold and its Associates had a Relevant Interest in approximately 19.65% of the total Carawine Shares.</p> <p>Further information on QGold is set out in section 3 of the Bidder's Statement.</p>
What is QGold offering for my Carawine Shares?	QGold is offering \$0.21 cash for each Carawine Share you hold.
Did Carawine have any knowledge of QGold's intention to make the Offer?	No. The Offer was unsolicited and made without any prior notice to or consultation with Carawine.

Question	Answer
What choices do I have as a Carawine Shareholder?	<p>As a Carawine Shareholder, you have the following choices in respect of your Carawine Shares:</p> <ul style="list-style-type: none"> (a) reject QGold's Offer, in which case you do not need to take any action. The Carawine Directors recommend that you REJECT the Offer; (b) sell some or all of your Carawine Shares on-market at any time (unless you have previously accepted the Offer); or (c) accept QGold's Offer on-market for all or some of your Carawine Shares. You should be aware that, if you accept the Offer, you will not benefit if the price offered for your Carawine Shares is subsequently increased. <p>There are several implications in relation to each of the above choices.</p> <p>If you are in any doubt as to what to do, your Carawine Directors recommend that you consult your investment, financial, taxation or other professional advisor immediately.</p> <p>As at the Last Practicable Date, the Offer Price of \$0.21 is slightly lower than the closing price of Carawine Shares on the ASX of \$0.212. The latest market price for Carawine Shares may be obtained from your Broker or the ASX website at www.asx.com.au.</p>
What are the Carawine Directors recommending?	<p>The Carawine Directors unanimously recommend that you REJECT the Offer.</p>
Why are the Carawine Directors recommending that I REJECT the Offer?	<p>The key reasons why the Carawine Directors recommend that you reject the Offer are set out in section 2.2 of this Target's Statement. However, the Carawine Directors recommend that Carawine Shareholders take into account the factors set out in section 3 of this Target's Statement in making their decision in relation to the Offer.</p>

Question	Answer
What do the Carawine Directors intend to do with their Carawine Shares?	All Carawine Directors intend to REJECT the Offer in respect of all Carawine Shares owned or controlled by them.
What are the risks of rejecting the Offer?	<p>If you reject the Offer, you will remain a Carawine Shareholder.</p> <p>If you remain a Carawine Shareholder, you should be aware that:</p> <ul style="list-style-type: none"> (a) if you choose not to accept the Offer and QGold acquires at least 90% of the Carawine Shares, QGold may become entitled to compulsorily acquire the balance of the Carawine Shares on issue, and the Bidder has stated that it intends to exercise those rights at section 5.2 of the Bidder's Statement. Please refer to section 2.3(b) of this Target's Statement for further details; (b) QGold has indicated that, upon acquiring 90% or more of the Carawine Shares on issue, it intends to delist the Company (subject to any approvals required on the part of ASX); and (c) if you choose not to accept the Offer and QGold acquires more than 50%, but less than 90%, of the Carawine Shares on issue, you will remain exposed to the risks associated with being a minority shareholder in Carawine. Please refer to section 3.11 of this Target's Statement for further details. <p>You should also be aware that there are risks associated with remaining a Carawine Shareholder. Set out in section 3.10 of this Target's Statement are the possible key risks which may affect the future operating and financial performance of Carawine and the value of Carawine Shares.</p>

Question	Answer
How do I REJECT the Offer?	<p>To reject the Offer, simply do nothing.</p> <p>You should take no action in relation to any documentation or calls from, or made on behalf of, QGold regarding the Offer.</p>
How do I ACCEPT the Offer?	<p>If you wish to accept the Offer, you should follow the instructions set out in the Bidder's Statement.</p> <p>You should be aware that your Carawine Directors have unanimously recommended that you REJECT the Offer.</p> <p>Before accepting the Offer, you should consider the risks associated with accepting the Offer set out in section 3.9 of this Target's Statement.</p> <p>You should also note that brokerage, fees or other charges may be payable by you upon acceptance of the Offer.</p>
What are the consequences of accepting the Offer now?	<p>If you accept the Offer now, you will be legally bound to sell those Carawine Shares to QGold and you cannot later withdraw your acceptance or otherwise deal with your Carawine Shares while the Offer remains open.</p> <p>The key consequences of accepting the Offer now include:</p> <ul style="list-style-type: none"> (a) you will receive a cash payment of \$0.21 for each Carawine Share you sell; (b) you will not be able to accept a superior proposal from QGold or any other bidder if such an offer is made, or benefit from any higher price of Carawine Shares in the market; and (c) you will not otherwise be able to sell your Carawine Shares.

Question	Answer
Can I accept the Offer for only some of my Carawine Shares.	Yes. You are not required to sell all of your Carawine Shares under the Offer. You may accept the Offer in respect of all or some of your Carawine Shares.
Does the Offer extend to Options?	No. The Takeover Bid does not extend to the acquisition of any Options. However, the Offer extends to any Carawine Shares that are issued and listed for quotation on the ASX at any time during the Offer Period as a result of the exercise or conversion of any existing Options.
When can I accept QGold's Offer or sell my Carawine Shares to QGold?	<p>You can sell your Carawine Shares on market at the Offer Price immediately from 22 February 2022 until the Offer closes at 4:00pm (Sydney time) on 22 April 2022 (unless the Offer is extended or withdrawn).</p> <p>Ord Minnett Limited has been appointed as the Broker for QGold and is standing in the market to acquire Carawine Shares offered to it at the Offer Price from 22 February 2022.</p>
When will I be paid for my Carawine Shares if I accept QGold's Offer?	If you accept QGold's Offer, the usual rules for settlement of transactions which occur on-market on the ASX will apply. This means that if you accept the Offer and sell your Carawine Shares, you will be paid the consideration on a T+2 basis (being the second Trading Day after the date of the transaction).
Will I receive further advice from the Carawine Directors during the Offer Period?	<p>The Carawine Directors will be closely monitoring the progress of the Offer.</p> <p>If circumstances change, or if matters arise which should be drawn to the attention of Carawine Shareholders, or which cause any change or variation to the advice of your Carawine Directors contained in this Target's Statement, the Carawine Directors will ensure that Carawine Shareholders are promptly and appropriately advised.</p>

Question	Answer
If I accept the Offer now, can I withdraw my acceptance?	No. Once you have accepted the Offer, you will be legally bound to sell those Carawine Shares to QGold and you cannot later withdraw your acceptance.
What are the tax consequences of QGold's Offer?	<p>Accepting the Offer may have significant tax consequences.</p> <p>A general outline of the tax implications of accepting the Offer for certain Australian resident and non-resident Carawine Shareholders is set out in section 8 of the Bidder's Statement.</p> <p>You should not rely on this general outline as advice on your own affairs.</p> <p>As the outline is a general outline only and does not take into account the particular circumstances or needs of each Carawine Shareholder, Carawine Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances and needs.</p>
Can I be forced to sell my Carawine Shares?	<p>You cannot be forced to sell your Carawine Shares unless QGold proceeds to compulsory acquisition of your Carawine Shares.</p> <p>QGold and its Associates must obtain a Relevant Interest in at least 90% of all Carawine Shares (under the Offer or otherwise) in order to exercise compulsory acquisition rights.</p> <p>If you do not accept the Offer and your Carawine Shares are compulsorily acquired, you will face delay in receiving the consideration for your Carawine Shares compared with those Carawine Shareholders who have accepted the Offer.</p> <p>QGold's intentions in relation to compulsory acquisition are set out in section 5.2 of the Bidder's Statement. In summary, QGold has indicated that, if it becomes entitled to do so under the Corporations Act, it intends to compulsorily acquire any outstanding</p>

Question**Answer**

Carawine Shares in accordance with the Corporations Act.

Will QGold increase the Offer?

As at the Last Practicable Date, QGold has not declared its Offer to be final. Accordingly, QGold could increase its Offer if it chooses. However, QGold cannot increase the Offer Price during the last 5 Trading Days of the Offer Period.

Carawine cannot speculate on whether QGold will increase its Offer as this is a matter for QGold.

What happens if the Offer Price is increased or a superior proposal is made by a third party or the price of Carawine Shares on the ASX increases?

If the Offer Price is increased by QGold or a superior proposal is made by a third party, the Carawine Directors will carefully consider the revised proposal and advise you of their position.

If the Offer Price is increased after you have accepted the Offer, you will not receive the benefit of the higher offer. Further, if a superior proposal is made by a third party or the price of Carawine Shares on the ASX increases after you have accepted the Offer, you will not receive any benefit of such superior proposal that may emerge or the higher Carawine Share price in the market.

Are there any conditions to the Offer?

No. The Offer is unconditional.

Can QGold vary the Offer?

Yes. QGold can vary the Offer by extending the Offer Period or increasing the Offer Price (although any increase in the Offer Price will not apply to you if you have previously accepted the Offer).

Details of the circumstances in which the Offer Period may be extended are set out in section 5.6 of this Target's Statement.

QGold cannot increase the Offer Price during the last 5 Trading Days of the Offer Period.

Question	Answer
Can QGold withdraw the Offer?	<p>The Corporations Act permits the withdrawal of unaccepted offers only in exceptional circumstances.</p> <p>QGold may withdraw unaccepted offers if certain prescribed events occur (provided that at the time of the occurrence QGold's Voting Power in Carawine is at or below 50%) or certain insolvency events occur (regardless of QGold's Voting Power at that time) during the bid period.</p> <p>QGold cannot withdraw its Offer in respect of Carawine Shares which have been accepted into the Offer.</p>
Will there be any costs associated with accepting the Offer?	<p>As the Offer is an on-market takeover offer, Carawine Shareholders may only accept the Offer through Brokers or Controlling Participants who are members of ASX. Any brokerage, fees or other charges of such Brokers or Controlling Participants will be your sole responsibility, as the accepting Carawine Shareholder.</p>
When does the Offer close?	<p>The Offer is presently scheduled to close at 4:00pm (Sydney time) on 22 April 2022, but the Offer Period can be extended in certain circumstances. Please refer to section 5.6 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
Is there a number that I can call if I have further queries in relation to the Offer?	<p>If you have any queries in relation to the Offer as a Carawine Shareholder, please contact the Offer Information Line on 1800 500 710 between 8:30am and 8:00pm (Sydney time) Monday to Friday.</p> <p>Calls to the Offer Information Line may be recorded.</p>

2. DIRECTORS' RECOMMENDATION AND REASONS

2.1 Directors' recommendation

Your Directors have carefully considered the Offer and unanimously recommend that Carawine Shareholders **REJECT** the Offer by doing nothing until such time as it becomes clear that the Offer Price is final and the Offer Period is final, and whether or not a superior offer will emerge during the Offer Period. At that time, you may make an assessment regarding whether or not to accept the Offer by selling your Carawine Shares on-market having regard to a variety of factors, including whether or not you are seeking a liquidity event and whether or not QGold is likely to gain control of Carawine, noting the risks and consequences outlined in sections 3.9 and 3.10 of this Target's Statement.

The reasons for the recommendation of the Directors are set out in section 2.2 below.

2.2 Reasons why the Directors recommend that you should reject the Offer

(a) **The Offer Price undervalues your Carawine Shares and fails to recognise the full underlying potential of Carawine's projects**

Carawine has accumulated an interest in five exploration projects (detailed in section 6.1 of this Target's Statement) that are located in active and well-established mineral provinces in Western Australia and Victoria, each targeted for their potential high-value deposit styles and commodity groups. Several of Carawine's projects are subject to farm-in and/or joint venture agreements with major mining companies, including Rio Tinto Exploration Pty Ltd (**Rio Tinto**) (a wholly owned subsidiary of Rio Tinto Limited (ASX: RIO)), FMG Resources Pty Ltd (**Fortescue**) (a wholly owned subsidiary of Fortescue Metals Group Limited (ASX: FMG)) and IGO Limited (ASX: IGO) (**IGO**), which are funding ongoing exploration expenditure to increase their ownership interests.

Tropicana North is the focus of Carawine's current exploration activities. Since establishing the Tropicana North Project in late 2020, Carawine has announced a major gold discovery at the Hercules prospect and the definition of new gold prospects at the Big Freeze and Beanie prospects within the Thunderstruck joint venture with Thunderstruck Investments Pty Ltd (**Thunderstruck**) (refer to Carawine's ASX market announcements released on 24 February 2021 and 1 November 2021 and Carawine's quarterly activities report for the period ended 31 December 2021).

Follow-up drilling at Hercules has been the most successful of Carawine's programs to date, with results extending gold mineralisation along a 340m strike length, from 35m to 250m below surface, and remaining open. Assay results released to date confirm Hercules is a significant discovery, and include¹:

¹ Note: the information in this section is extracted from Carawine's ASX market announcements released on 3 March 2021 (Titled: Outstanding Results Continue with Latest High-Grade Intersections at Hercules), 23 September 2021 (Titled: Strong Results from Hercules Extend Multiple Lode System and Deposit Strike) and 15 February 2022 (Titled: New Mineralisation Identified at Hercules as Big Freeze Follow-Up Drilling Begins) and is available to view on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX). The information in this section that relates to Exploration Results is based on information compiled by Mr Michael Cawood, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. The Company

- 6m @ 26.6g/t Au (from 136m, TNRC020)
- 4.6m @ 14.7g/t Au (from 165.2m, TNDD001)
- 0.95m @ 73.7g/t Au (from 60.1m, TNDD002)

(geological boundaries and/or >0.3g/t Au lower cut-off, downhole widths, refer previous Hercules ASX announcements for details)

Carawine is currently following up these outstanding results with additional drilling, targeting extensions to the Hercules mineralisation.

Beyond Hercules, Carawine has also recently completed RC drilling at the Big Freeze and Beanie gold prospects, and announced a number of regional targets which it plans to test with drilling and other exploration programs planned over the next 6 to 12 months, funded through its own cash resources (refer to Carawine's ASX market announcements released on 4 March 2022 and 1 November 2021).

In addition, Carawine has developed a number of exploration farm-in and joint venture partnerships in the Fraser Range, East Pilbara and Paterson regions, whereby its partners can fund and manage exploration expenditure up to a total of approximately \$16.9 million to earn interests of up to 75% and 80%².

Carawine's farm-in and joint venture partners have indicated their intention to be actively exploring over the next 6 to 12 months, with drilling and other exploration programs planned across all farm-in and joint venture tenements, including an updated manganese Mineral Resource and Scoping Study by Black Canyon Limited (ASX: BCA) (**Black Canyon**) at its Flanagan Bore project³.

The Directors also note that results from exploration and drilling programs are anticipated to be released to the market in the short to medium term, including during the Offer Period. Refer to section 3.2 of this Target's Statement for further details.

At a time of heightened investor interest in commodities, Carawine's portfolio of projects has substantial potential and strategic value which the Board considers is not reflected in the Offer Price.

- (b) **QGold's Offer represents only a very modest premium to the levels that Carawine Shares traded in the three and six month periods up to and including the last Trading Day prior to the announcement of the Offer⁴**

confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

² Earn-in/JV partners funding and managing exploration; IGO 70% interest, ~\$1.3M spend to Jun-22 to earn additional 6% interest; Rio Tinto earn-in right up to 70% interest with \$5.5M spend, additional 10% interest with prescribed milestone, from 2019 to 2025; Fortescue earn-in right up to 75% interest with \$6.1M spend, from 2019 to 2026; Black Canyon earn-in right to 75% with \$4M spend from 2021 to 2026. For details refer ASX announcements dated 28 October 2019, 13 November 2019, 23 December 2020 30 June 2021 and 4 March 2022.

³ Refer to Black Canyon's ASX market announcement released on 2 March 2022 (Titled: Manganese Discovery at FB3, Flanagan Bore Project) available to view on Black Canyon's ASX Announcement page at www.asx.com.au (ASX Code: BCA).

⁴ The last Trading Day prior to QGold's Offer being announced on 22 February 2022.

QGold's Offer represents a very modest 12.3% premium to the 3-month VWAP of \$0.187⁵ and only a 3.6% premium to the 6-month VWAP of \$0.203⁶, below those typical of takeover premiums for junior resources companies, highlighting the opportunistic timing of the Offer.

(c) **Market trading between the announcement of the Offer and the Last Practicable Date has, for the most part, been above the Offer Price**

The trading activity so far during the bid period demonstrates that some independent investors believe there is greater value in Carawine than reflected in the Offer Price.

Between the announcement date of the Offer on 22 February 2022 and the Last Practicable Date, approximately 21,032,093 Carawine Shares have traded on ASX at a VWAP of \$0.216⁷. During this period, Carawine Shares have traded in a range between \$0.210 and \$0.220.

(d) **You will no longer have exposure to any potential upside in Carawine and its exploration projects**

The Carawine Share price has, historically, been very sensitive to positive exploration results, with a peak intra-day Share price of \$0.525 reached on 24 February 2021 in response to positive drilling results from the Hercules gold prospect at Carawine's Tropicana North Project. Importantly, Carawine has significant ongoing exploration program activity underway across the majority of its projects, which is being funded through Carawine's existing cash reserves and the contributions of its farm-in and joint venture partners.

If you accept the Offer, you will no longer be a Carawine Shareholder. This will mean that you will not participate in any potential upside that may result from Carawine remaining a standalone entity, including any increase in the Carawine Share price, and you will no longer have any economic exposure to Carawine's future operations, exploration results and performance.

Refer to section 3.2 of this Target's Statement for further details of Carawine's operations and recently completed, ongoing and upcoming drilling and exploration programs.

You will also cease to have a right to influence the future direction of Carawine through your voting rights as a Carawine Shareholder.

(e) **If you accept QGold's Offer, you will not subsequently be able to sell your Carawine Shares or accept or receive the benefit of any superior proposal that may emerge**

⁵ VWAP analysis calculated using Bloomberg defined Volume Weighted Average Price function up to and including 21 February 2022, being the last Trading Date prior to the announcement date of the Offer (Data source: Bloomberg).

⁶ VWAP analysis calculated using Bloomberg defined Volume Weighted Average Price function up to and including 21 February 2022, being the last Trading Date prior to the announcement date of the Offer (Data source: Bloomberg).

⁷ VWAP analysis calculated using Bloomberg defined Volume Weighted Average Price function up to and including the Last Practicable Date (Data source: Bloomberg).

If you accept the Offer, you will no longer be able to trade your Carawine Shares on market and there is a possibility that the Carawine Share price may exceed the Offer Price.

Once you accept the Offer, you will not be able to accept your Carawine Shares into any superior proposal that may emerge, as you will have entered a binding contract for the sale of your Carawine Shares.

The Carawine Directors are not in a position to speculate on the probability of a superior offer emerging.

2.3 Disadvantages associated with rejecting the Offer

The Directors note that Carawine Shareholders should also consider the potential disadvantages associated with rejecting the Offer.

(a) Certainty of price and liquidity of \$0.21 per Share and likely liquidity constraints following the Offer

QGold's Offer is unconditional. Accordingly, Carawine Shareholders who accept the Offer will have certainty of receiving the Offer Price of \$0.21 per Share. Following the Offer, it is likely that the market for Carawine Shares will be less liquid than the market for Carawine Shares prior to the Offer and the price of Carawine Shares on the market may be lower than the Offer Price, depending on the level of acceptances under the Offer. Particularly, if QGold acquires a significant number of Carawine Shares, but less than the 90% compulsory acquisition threshold. Limited trading liquidity can have a negative impact on the trading price of Shares, making it potentially difficult for Carawine Shareholders to realise a reasonable value for their Shares by selling them on-market. In addition, institutional investors may be less likely to invest in Carawine as a result.

As at the Last Practicable Date, according to substantial holding notices lodged with the Company, QGold and its Associates had a Relevant Interest in 27,086,363 Carawine Shares, representing approximately 19.65% of the total Carawine Shares on issue.

(b) Compulsory acquisition process and disadvantages for Carawine Shareholders where Carawine is delisted in the future

There is a possibility of Carawine being delisted following the Offer, depending on the level of acceptances under the Offer and/or QGold's ability to acquire Carawine Shares in the future following the Offer.

QGold has stated in section 5.2 of the Bidder's Statement that, following the close of the Offer, where QGold acquires 90% or more of Carawine Shares under the Offer, QGold intends to proceed with the compulsory acquisition process and, at the conclusion of the compulsory acquisition process, the Bidder intends to arrange for Carawine to be removed from the Official List of ASX (subject to any required approvals on the part of ASX).

In addition, QGold has also indicated in section 5.3 of the Bidder's Statement that, where it acquires more than 50%, but less than 90%, of Carawine Shares under the Offer, it may proceed to acquire additional Carawine Shares subsequent to the Offer where it is able to do so. This may ultimately lead to the Bidder being in a position to exercise compulsory acquisition rights in the future and the Bidder has stated it

intends to exercise those rights if in a position to do so, which would then most likely lead to the Company being delisted.

Refer to sections 5.11 and 5.12 of this Target's Statement for further details.

(c) **The Carawine Share price may fall following completion of the Offer**

There is a risk that the Carawine Share price may fall following completion of the Offer.

The price at which the Carawine Shares trade on the ASX following completion of the Offer may be higher or lower than the Offer Price. There is no guarantee that the Shares will appreciate in value or maintain the same level as the Offer Price.

(d) **Consequences of becoming a minority shareholder**

The Offer is not subject to any conditions. If QGold does not acquire all of the Carawine Shares on issue, and QGold is not able to compulsorily acquire the balance of the Carawine Shares under the Corporations Act, but acquires the majority of the Carawine Shares on issue (i.e. more than 50% of the Carawine Shares on issue), there may be a number of possible implications for Carawine Shareholders, including:

- (i) QGold may be in a position to significantly alter the structure and strategic direction of Carawine by casting the majority of votes at a general meeting of Carawine. This will enable QGold to control the composition of the Carawine Board and senior management and determine Carawine's fund raising plans and dividend policy;
- (ii) the liquidity of Carawine Shares may be lower than at present, as outlined in section 2.3(a) of this Target's Statement;
- (iii) the price of Carawine Shares may fall immediately following the end of the Offer Period and it is unlikely that the price of Carawine Shares will contain any takeover premium. This may be enhanced by any lack of liquidity of Carawine Shares;
- (iv) if the number of Carawine Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, or under certain other circumstances, QGold may seek to have Carawine removed from the Official List of the ASX. If this occurs, Carawine Shares will not be able to be bought or sold on the ASX; and
- (v) if QGold acquires 75% or more of the Carawine Shares, QGold will be able to pass special resolutions at meetings of Carawine Shareholders.

Refer to section 3.11 of this Target's Statement for further details.

(e) **No superior proposal has emerged**

As at the date of this Target's Statement, no competing proposal has emerged since the announcement of the Offer on 22 February 2022 and the Directors are not aware of any other proposal that might be made as an alternative to the Offer. There can be no assurances that any superior

proposal will emerge, particularly if QGold achieves effective control of Carawine.

As at the Last Practicable Date, according to substantial holding notices lodged with the Company, QGold and its Associates had a Relevant Interest in 27,086,363 Carawine Shares, representing approximately 19.65% of the total Carawine Shares on issue. Accordingly, any person proposing to make a competing proposal would need to gain the support of QGold to acquire 100% of Carawine.

The Carawine Directors are not in a position to speculate on the probability of an alternative proposal emerging. If a competing proposal does emerge during the Offer Period, the Directors will give careful consideration to the proposal and will advise Carawine Shareholders accordingly.

(f) There is no guarantee of the future performance of Carawine

While the Directors remain confident in the long-term potential for Carawine's projects and other exploration development opportunities, there are a number of risks, general and specific, associated with being a Carawine Shareholder. Please refer to section 3.10 of this Target's Statement for a summary of the major risks associated with an investment in Carawine.

2.4 Intentions of the Directors in relation to the Offer

Details of the direct and indirect interests of each Director in the securities of Carawine are set out in section 7.1 of this Target's Statement.

Each Carawine Director intends to REJECT the Offer in relation to all Carawine Shares held or controlled by, or on behalf of, that Carawine Director or their Associates.

As noted at section 7.1 of this Target's Statement, Mr Boyd has an interest in 3,250,000 Options. Mr Boyd does not intend to exercise any Options during the Offer Period.

2.5 Other considerations in deciding whether to accept or reject the Offer

In considering whether to accept or reject the Offer, the Directors encourage you to:

- (a) read both the Target's Statement and the Bidder's Statement in their entirety;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) carefully consider sections 3.9 and 3.10 of this Target's Statement;
- (d) consider the choices available to you as outlined in section 4 of this Target's Statement; and
- (e) obtain independent advice from your investment, financial, taxation, legal or other professional adviser before making a decision whether or not to accept the Offer.

Accepting the Offer may trigger taxation consequences for you. Please refer to section 3.8 of this Target's Statement for further information.

2.6 Further developments

Should there be any developments during the Offer Period (for example, the emergence of a superior proposal or an increase in the Offer Price) which would alter the Directors' recommendations in relation to the Offer, you will be notified through an ASX announcement and/or a supplementary target's statement.

3. IMPORTANT MATTERS FOR CARAWINE SHAREHOLDERS TO CONSIDER

3.1 QGold's Offer

QGold announced its on-market takeover bid for all of the ordinary shares in Carawine which QGold (or its Associates) does not already own or control on 22 February 2022. The key features of the Offer are summarised in section 5 of this Target's Statement.

3.2 Information about Carawine and its exploration operations

Carawine is a junior mining and exploration company and any upside potential in the market valuation of the Company (and the value of Carawine Shares) is largely linked to its exploration success.

The Carawine Board considers that the results obtained from both existing and upcoming exploration and drilling programs, which are anticipated to be released to the market in the near term, may provide compelling upside drivers.

Shareholders should be aware that Carawine has exploration programs either in progress or recently completed, for which assay, and other results, are likely to be released during the Offer Period. These include:

- (a) assay and other exploration results from the Tropicana North Project drilling program. These include results from the current, ongoing diamond drilling program targeting extensions to high-grade gold mineralisation at the Hercules gold prospect at the Tropicana North Project; and
- (b) results from the recently completed reverse circulation (**RC**) drilling program at the Big Freeze prospect (following up a 900m-long +1g/t gold anomaly) and the Beanie prospect at the Tropicana North Project.

In addition, results from recently completed exploration programs by Carawine's joint venture partners are also anticipated to be released during, or soon after, the Offer Period. These include:

- (a) assay results from the RC program completed by Rio Tinto at the Ghost and Zulu prospects within the West Paterson joint venture tenements; and
- (b) additional further assay results from recently completed RC and diamond drilling programs, results of scoping study input programs in progress, and potential for a Mineral Resource update, by Black Canyon at the Flanagan Bore manganese project within the Oakover joint venture tenements.

There are also exploration programs which are planned to commence during, or soon after, the Offer Period, and for which results are unlikely to be received during the Offer Period. These include:

- (a) moving-loop electromagnetic (**MLEM**) geophysical surveys at Carawine's 100%-owned Big Bang tenement at the Fraser Range Project; and
- (b) aircore (**AC**) drilling programs by IGO at the Bindii and Big Bullocks tenements within the Fraser Range joint venture tenements.

Carawine also has numerous other exploration programs, including a large regional AC drilling program at its Tropicana North Project, which are planned to commence after the Offer Period closes (as presently scheduled to end).

Although no assumptions can be made with respect to the results of the drilling and exploration programs described in this section or assurances as to success, Carawine Directors note that, once you accept the Offer, you will no longer have exposure to any effects that the results of these drilling and exploration programs may have on the value of Carawine Shares.

Section 6 of this Target's Statement contains information about Carawine and the projects in which it has an interest.

3.3 Information about QGold

QGold is an unlisted proprietary company limited by shares, which was incorporated in Queensland on 3 March 2011.

QGold currently holds exploration and mining permits for minerals in Queensland. Its sole director is Christopher Wallin.

At section 3.2 of the Bidder's Statement, it is noted that Mr Wallin is the directing mind and will of the Bidder.

As at the announcement date of the Offer, QGold and its Associates had a Relevant Interest in 27,086,363 Carawine Shares, representing approximately 19.65% of the total Carawine Shares on issue. Based on the trading activity in Carawine Shares since the Offer was announced, Carawine understands there has been minimal change to this position up to the Last Practicable Date.

Further information on QGold is set out in section 3 of the Bidder's Statement.

3.4 Funding of the consideration

Information relating to the sources of consideration to fund the Offer is set out in section 5.10 of this Target's Statement.

Further information on the sources of funding for the Offer is set out in section 7 of the Bidder's Statement.

3.5 Dividend issues for Carawine Shareholders

Carawine has not paid a dividend to Carawine Shareholders since listing on ASX. As an exploration company, the Carawine Board considers it is unlikely that Carawine will pay dividends in the short to medium term, given the nature of the Company's business.

3.6 Changes to the Offer

The Carawine Directors will be closely monitoring the progress of the Offer.

If matters arise which should be drawn to the attention of Carawine Shareholders, or which cause any change or variation to the advice of your Directors contained in this Target's Statement, the Carawine Directors will ensure that Carawine Shareholders are promptly and appropriately advised. The Carawine Directors reserve the right to change or vary their recommendations to Carawine Shareholders during the Offer Period.

3.7 Prospects for an improvement in the Offer or an alternative offer

The Carawine Directors are not aware of any proposal by QGold to increase its Offer or by any third party that may develop into a superior offer.

The Carawine Directors are not in a position to speculate on whether QGold will increase its Offer or the probability of a superior offer emerging.

3.8 Taxation consequences

Accepting the Offer may trigger taxation consequences for you. The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the tax implications of accepting the Offer for certain Australian resident and non-resident Carawine Shareholders is set out in section 8 of the Bidder's Statement

You should carefully read section 8 of the Bidder's Statement and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences arising from accepting or rejecting the Offer or for any reliance on this section or section 8 of the Bidder's Statement.

3.9 Risks associated with accepting the Offer

(a) **Market trading has, since the announcement of the Offer and the Last Practicable Date, for the most part, been above the Offer Price and possible appreciation in trading price**

If you accept the Offer, you will no longer be able to trade your Carawine Shares on market and there is a possibility that the Carawine Share price may exceed the Offer Price.

Carawine Shareholders may be able to sell their Carawine Shares in the future for more valuable consideration than the Offer Price. The Directors can give no assurances and make no forecast as to whether this will occur.

(b) **You will no longer have exposure to Carawine's assets and operations**

If you accept the Offer, you will no longer be a Carawine Shareholder. This will mean that you will not participate in any potential upside that may result from Carawine remaining a standalone entity, including any increase in the Carawine Share price and you will no longer have any economic exposure to Carawine's future operations, results and performance.

Specifically, as set out at section 3.2 of this Target's Statement, Carawine has drilling and exploration programs either recently completed or in progress, including exploration programs being undertaken by joint venture partners. Although no assumptions or forecasts can be made in respect of the results of the drilling programs and, in particular the diamond and RC drilling programs currently in progress or recently completed at the Tropicana North Project, the Carawine Directors note that, once you accept the Offer, you will no longer have exposure to any effects that the drilling and exploration programs results may have on the value of Carawine Shares (if any). Carawine Shareholders should be aware that some of the results of the drilling programs may be released during, or soon after, the Offer Period.

You will also cease to have a right to influence the future direction of Carawine through your voting rights as a Carawine Shareholder.

(c) **If you have accepted QGold's Offer, you will not subsequently be able to sell your Carawine Shares or accept an increased offer from QGold**

If you accept the Offer, you will no longer be able to trade your Carawine Shares on market. There is a possibility that the Carawine Share price may exceed the Offer Price or that QGold may increase the Offer Price, after you have accepted the Offer. You may consider that you may have the opportunity to dispose of your Carawine Shares at a price in excess of \$0.21 per Carawine Share in the future.

(d) **Possibility that a superior proposal may emerge for your Carawine Shares**

Once you accept the Offer, you will not be able to accept your Carawine Shares into any superior proposal that may emerge, as you will have entered a binding contract for the sale of your Carawine Shares.

The Carawine Directors are not in a position to speculate on the probability of a superior proposal emerging.

(e) **The taxation consequences of accepting the Offer**

Accepting the Offer may trigger taxation consequences for you. Please refer to section 3.8 of the Target's Statement above for further information.

3.10 Risks of remaining a Carawine Shareholder

(a) **Introduction**

There are risks which are specific to Carawine, and other risks which apply to the industry in which Carawine operates and to investments generally, which may materially and adversely affect the future operating and financial performance of Carawine and the value of Carawine Shares. Those risks and other risks are relevant to Carawine Shareholders today and will continue to be relevant to Carawine Shareholders who reject the Offer and retain their current investment in Carawine. These risks will also continue to be relevant to all Carawine Shareholders if the Offer is withdrawn in accordance with the Corporations Act. While some of these risks can be mitigated, many are outside of the control of Carawine and the Carawine Board and cannot be mitigated.

Carawine is an exploration company whose primary focus is to explore for, and ultimately develop, economic gold, copper and base metal deposits within Australia. Factors specific to Carawine, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Carawine Group. These events may be beyond the control of the Carawine Directors or management of Carawine.

The major risks associated with an investment in Carawine are summarised below. The below list of risk factors is not an exhaustive list of the risks relevant to Carawine, its performance and the value of Carawine Shares. These risks, and other risks not referred to below, may materially affect the financial and operating performance of Carawine and the value of Carawine Shares. In particular, additional risks and uncertainties

not currently known to Carawine may also have a material adverse effect on Carawine's financial and operating performance and the value of Carawine Shares.

Prior to deciding whether to do nothing, sell your Carawine Shares on market or accept the Offer in the present circumstances, you should carefully consider this section 3.10 as well as all other information contained in this Target's Statement. Before making a decision in relation to the Offer, you should also carefully consider the Bidder's Statement.

(b) **Carawine Share price risk and fluctuations in Carawine Share price**

There is a risk that the Carawine Share price may fall, following completion of the Offer.

The price at which the Carawine Shares trade on the ASX, following completion of the Offer, may be higher or lower than the Offer Price. There is no guarantee that the Shares will appreciate in value or maintain the same level as the Offer Price.

The price at which the Shares trade could be subject to fluctuations and will be affected by a number of factors relevant to the Company's business and its overall performance and other external factors. Some of the factors which may affect the price at which the Shares trade on ASX include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates (including movements in mineral prices) and general operational and business risks.

(c) **Company specific risks**

(i) **Exploration and operations**

The mineral exploration licences comprising Carawine's projects are at various stages of exploration, and Carawine Shareholders should understand that mineral exploration and development are high-risk undertakings.

Exploration, by its nature, contains elements of significant risk. There can be no assurance that future exploration of these exploration licences, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process and Aboriginal heritage factors, changing

government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the tenements forming the Company's projects and obtaining all required approvals for their contemplated activities. If exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences forming the Company's projects.

(ii) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration.

By their nature, these estimates and assumptions are subject to significant uncertainties, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the Company's viability.

(iii) **Operating risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(iv) **Tenement applications and renewal**

There is no guarantee that current or future applications, conversions or renewals of the mineral tenements in which Carawine has an interest or may acquire an interest will be granted, in whole or in part. Further, the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all.

Tenement applications may result in a requirement for Carawine to commence negotiations with the relevant landholders and/or indigenous representative bodies to gain access to the

underlying land. There is no guarantee that such negotiations will be successful.

Tenements are subject to a number of state specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister and may trigger native title negotiation rights. The inability to meet these conditions or the triggering of native title negotiation procedures on any of the tenements comprising Carawine's projects could affect the standing of a tenement or restrict its ability to be renewed, adversely affecting the operations, financial position or performance of Carawine.

The Company has not yet applied to convert any of its exploration licences into mining leases. There is a risk that the Company may not do so or that approvals required may not be obtained.

(v) **Future funding requirements and ability to access debt and equity markets**

The Company's capital requirements depend on numerous factors and the Company may require additional debt or equity financing in the future to maintain or grow its business.

There can be no assurance that the Company will be able to secure additional capital from debt or equity financing on favourable terms or at all.

If the Company is unable to raise additional capital if and when required, this could delay, suspend or reduce the scope of the Company's business operations (including scaling back exploration programs) and could have a material adverse effect on the Company's operating and financial performance.

Any additional equity financing may result in dilution for some or all Carawine Shareholders, and debt financing, if available, may involve restrictive covenants which limit operations and business strategy.

(vi) **Joint venture arrangements**

The Company is a party to a number of farm-in and joint venture arrangements and is subject to the risk that changes in the status of any of the Company's joint ventures may adversely affect the operations and performance of the Company.

There is also a risk of financial failure or default under the joint venture arrangements by a participant in any joint venture to which the Company is, or may become, a party. Any withdrawal by a joint venture party or any issues with their ability to perform their obligations due under the joint venture arrangements could have a material adverse impact on the operating and financial performance of the Company. There is also the risk of disputes arising between the Company and joint venture partners, the result of which could lead to delays in exploration and

development activities at the Company's projects or financial loss.

(vii) **Climate risks**

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (A) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by 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 impact the Company and its business viability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (B) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(viii) **Native title and Aboriginal Heritage**

In relation to tenements which the Company has an interest in or may in the future acquire an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

In addition, the existence of Aboriginal heritage sites within the Company's projects may lead to restrictions on the areas that the Company will be able to explore and mine.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may acquire an interest.

(ix) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always

available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this will have a material adverse effect on the Company's financial and trading position.

(x) **Agents and contractors**

The Company outsources substantial parts of its exploration activities pursuant to services contracts with third-party contractors. The Directors are unable to predict the risk of financial failure, insolvency or default by any of the contractors that will be used by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activities. Contractors may also underperform their obligations under their contract, and in the event that their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms.

(d) **Industry specific risks**

(i) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements are subject to the applicable mining acts and regulations in Western Australia and Victoria. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and performance of the Company.

(ii) **Resources estimates**

Resources estimates are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information or techniques become available. There are risks associated with such estimates, including that resources mined may be of a different quality, tonnage or strip ratio from the estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Further, resources estimates may change overtime as new information becomes available. Should Carawine encounter mineralisation or geological formations different to those predicted by past drilling, sampling and interpretation, resources estimates may need to be altered in a way that could adversely affect Carawine's operations.

(iii) **Grant of future authorisations to explore and mine**

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(iv) **Mine development**

Possible future development of mining operations at the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on any of its projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurances can be given that the Company will achieve commercial viability through the development of any of its projects.

The risks associated with the development of a mine will be considered in full should any project reach that stage and will be managed with ongoing consideration of stakeholder interests.

(v) **Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment,

environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

(vi) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Further, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(vii) **Occupational health and safety risk**

The mining industry is an inherently hazardous industry and is subject to increasing occupational health and safety responsibility and liability. The potential for significant loss and liability is a constant risk.

(viii) **Regulatory compliance**

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and Aboriginal heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the Company believes that it will operate in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the

Company or its properties, which could have a material adverse impact on the Company's current operations or planned activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

(e) **General risks**

(i) **Economic conditions and other global or national issues**

General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.

General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.

Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of Carawine Shares remains unknown. The Carawine Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.

(ii) **COVID-19**

The outbreak of the coronavirus disease (SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), coronavirus disease 2019 or COVID 19, including any future resurgence or evolutions or mutations thereof or any related or associated epidemic, pandemic or disease outbreak) (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the

outbreak on the performance of the Company remains unknown. The market price of Shares may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

In addition, the effects of COVID-19 on the market price of the Shares and global financial markets generally may also affect the Company's ability to raise equity or debt funding if and when required or require the Company to issue capital at a discount, which may result in dilution for some or all Carawine Shareholders.

(iii) **Market conditions**

Share market conditions may affect the value of Carawine Shares, regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) interest rates and inflation rates;
- (D) global health epidemics or pandemics;
- (E) currency fluctuations;
- (F) changes in investor sentiment toward particular market sectors;
- (G) the demand for, and supply of, capital;
- (H) political tensions; and
- (I) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Carawine Shareholders should be aware that there are risks associated with any securities investment. Securities listed on a stock market, and in particular securities of exploration companies, experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of Carawine Shares regardless of the Company's performance.

(iv) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the Company's senior management and key personnel terminated service with the Company.

(v) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(vi) **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia or Victoria (and other jurisdictions in which the Company may acquire projects and operate) may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(vii) **Insurance**

The Company insures its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

(viii) **Force Majeure**

The Company's existing projects or projects acquired in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(ix) **Dilution**

In the future, the Company may elect to issue Carawine Shares or engage in capital raisings to fund operations and growth, for investments or acquisitions that the Company may decide to

undertake, to repay debt or for any other reason the Board may determine at the relevant time.

While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Carawine Shareholders' interests may be diluted as a result of such issues of Carawine Shares or other securities.

(x) **Future acquisitions or investments**

As part of its business strategy, Carawine may make acquisitions of, or significant investments in, complementary companies or prospects, although no such acquisitions or investments are currently planned. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions or investments.

(xi) **Taxation and taxation changes**

Taxation law is complex and frequently changing, both prospectively and retrospectively. Changes in taxation laws (including employment tax, GST, stamp duty and the ability to claim offsets) and changes in the way taxation laws are interpreted or administered, create a degree of uncertainty and may impact the tax liabilities or future financial results of the Company.

The acquisition and disposal of Carawine Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All Carawine Shareholders are urged to obtain independent financial advice about the consequences of their holdings of Carawine Shares from a taxation point of view and generally.

(xii) **Litigation and other proceedings**

The Company is exposed to potential legal and other claims or disputes in the course of its business, including (without limitation) native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation.

Any costs involved in defending or settling legal and other claims or disputes that may arise, or where a claim or dispute is proven, could be costly and may impact adversely on the Company's operations, financial performance and financial position and/or cause damage to its reputation.

(f) **Risk relating to effect of Offer on Carawine's material agreements**

The Company is exposed to potential risks that may result where change of control provisions under certain material agreements of Carawine are triggered, as identified in section 8.1.

3.11 Minority ownership consequences

As at the Last Practicable Date, according to substantial holding notices lodged with the Company, QGold and its Associates held approximately 19.65% of the total Carawine Shares on issue. If QGold acquires more than 50% but less than 90% of Carawine Shares pursuant to the Offer, Carawine Shareholders who do not accept the Offer will remain minority shareholders in Carawine. This has a number of possible implications, including:

- (a) QGold will be in a position to cast the majority of votes at a general meeting of Carawine. This will enable QGold to control the composition of Carawine's Board and senior management, determine Carawine's fundraising plans and dividend policy and control the strategic direction of the businesses of Carawine and its Subsidiaries. At section 5.3 of the Bidder's Statement, QGold has stated that where it acquires more than 50.1%, but less than 90%, of Carawine Shares it intends to seek to re-constitute the Board of Carawine to reflect QGold's majority ownership of Carawine (whilst at the same time including directors on the Board that are independent from QGold);
 - (b) the liquidity of Carawine Shares may be affected;
 - (c) the Carawine Share price may fall immediately following the end of the Offer Period. This may be enhanced by any lack of liquidity of Carawine Shares;
 - (d) there may be limited institutional support for Carawine Shares;
 - (e) QGold may seek to have Carawine removed from the Official List of ASX. If this occurs, the Carawine Shares will not be able to be bought or sold on the ASX. At section 5.2 of the Bidder's Statement, QGold has stated that it intends to remove Carawine from the Official List of ASX (subject to any required approvals on the part of ASX), where it becomes entitled to proceed with the compulsory acquisition process;
 - (f) if the number of Carawine Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then:
 - (i) the ASX may suspend and/or delist Carawine; or
 - (ii) QGold may seek to have Carawine removed from the Official List of the ASX, which QGold has stated it intends to do where it acquires 90% or more of Carawine Shares.
- If this occurs, any remaining Carawine Shareholders will not be able to sell their Carawine Shares on market and Carawine Shares will not be able to be bought or sold on the ASX; and
- (g) if QGold acquires 75% or more of the Carawine Shares, QGold will be able to pass special resolutions at meetings of Carawine Shareholders.

4. YOUR CHOICES AS A CARAWINE SHAREHOLDER

You have three choices as a Carawine Shareholder in responding to the Offer. These three choices are set out below:

(a) **Reject the Offer**

To reject the Offer, simply do nothing with the documentation sent to you by QGold.

The Carawine Directors have unanimously recommended that you **REJECT** the Offer for the reasons set out in this Target's Statement.

You should be aware that if you choose not to accept the Offer and remain a Carawine Shareholder:

- (i) if QGold acquires 90% or more of the Carawine Shares, QGold may become entitled to compulsorily acquire the balance of the Carawine Shares on issue, and the Bidder has stated that it intends to exercise those rights at section 5.2 of the Bidder's Statement. Please refer to section 5.11 of this Target's Statement for further details;
- (ii) if QGold acquires more than 50%, but less than 90%, of the Carawine Shares on issue (QGold, together with its Associates, holds approximately 19.65% as at the Last Practicable Date), you will remain exposed to the risks associated with being a minority shareholder in Carawine (Please refer to sections 2.3(d), 3.11 and 5.12 of this Target's Statement for further details);
- (iii) you will continue to receive benefits as a Carawine Shareholder; and
- (iv) as a holder of Carawine Shares, you will continue to be subject to the risks set out in section 3.10 of this Target's Statement.

Historically, Carawine Shares have experienced relatively low trading volume. Carawine Shareholder's should consider the illiquidity of Carawine's Shares when considering how to respond to the Offer.

(b) **Sell your Carawine Shares on-market**

Carawine Shareholders who have not already accepted the Offer can still sell some or all of their Carawine Shares on-market.

As at the Last Practicable Date, the Offer Price of \$0.21 per Carawine Share was slightly lower than the closing price of Carawine Shares on the ASX of \$0.212. The latest market price for Carawine Shares may be obtained from your Broker or the ASX website at www.asx.com.au.

You should be aware that if you choose to otherwise sell some or all of your Carawine Shares during the period of the Offer (that is, other than by way of accepting the Offer):

- (i) you will not be able to accept a superior proposal from QGold or any other bidder if such an offer is made, or benefit from any higher price in the market in respect of those Carawine Shares;

- (ii) you will lose the opportunity to receive future benefits as a Carawine Shareholder in respect of those Carawine Shares;
- (iii) you may incur a tax liability as a result of the sale of those Carawine Shares; and
- (iv) you may incur a brokerage fee or other charges associated with selling of those Carawine Shares.

If you are considering selling some or all of your Carawine Shares, you should contact your Broker for information on how to do so and your tax adviser to determine your tax implications from such a sale.

(c) **Accept the Offer**

To accept the Offer, you can sell your Carawine Shares on the ASX.

If you wish to accept the Offer you should follow the instructions set out in the Bidder's Statement.

As the Offer is an on-market takeover offer, there is no way to accept the Offer other than by selling your Carawine Shares on ASX.

You should be aware that if you choose to accept the Offer:

- (i) you will not be able to accept a superior proposal from QGold or any other bidder if such an offer is made, or benefit from any higher price in the market;
- (ii) you will lose the opportunity to receive future benefits as a Carawine Shareholder;
- (iii) you may incur a tax liability as a result of the sale; and
- (iv) you may incur a brokerage fee or other charges. You should ask your Broker or Controlling Participant if any fees or charges will apply.

The Bidder will bear its own brokerage fees on transfers of Carawine Shares acquired through acceptances of the Offer.

5. KEY FEATURES OF THE QGOLD OFFER

5.1 The Offer

QGold is offering to acquire all Carawine Shares on issue which QGold (or its Associates) does not already own or control.

The terms of the Offer are set out in QGold's Bidder's Statement.

The Offer relates to all Carawine Shares that exist or will exist at any time during the Offer Period.

You may accept the Offer in respect of all or some of your Carawine Shares.

Ord Minnett Limited has been appointed as the Broker for QGold and will stand in the market, on behalf of QGold, and acquire Carawine Shares offered to it at the Offer Price from 22 February 2022 until the end of the Offer Period.

5.2 Offer Price

QGold is offering \$0.21 cash for every Carawine Share that you hold.

5.3 Conditions to the Offer

The Offer is unconditional.

5.4 Options

The Offer will not extend to the acquisition of any Options (or any other securities that confer rights to be issued Carawine Shares).

However, the Offer will extend to all Carawine Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the vesting or exercise of any Options (or any other securities that confer rights to be issued Carawine Shares).

The Bidder has noted that it does not intend to compulsorily acquire any Options unless it is required to do so by law.

5.5 Offer Period and acceptance

Unless the Offer is extended or withdrawn in accordance with the Corporations Act, it is open for acceptance until 4:00pm (Sydney time) on 22 April 2022.

The circumstances in which QGold may extend or withdraw the Offer are set out in sections 5.6 and 5.7 of this Target's Statement respectively.

As the Offer is an on-market takeover offer, QGold is required to instruct its Broker to stand in the market and purchase all Carawine Shares offered to it at the Offer Price during the period commencing on 22 February 2022 and ending at close of trading on ASX on 22 April 2022, unless the Offer is withdrawn.

If you choose to accept the Offer, then your acceptance must be received by QGold before the end of the Offer Period.

5.6 Variation of the Offer

Pursuant to the Corporations Act, QGold may extend the Offer Period or increase the Offer Price, at any time up until five Trading Days before the end of the Offer Period.

An extension to the Offer Period may only be announced during those last five Trading Days of the Offer Period in limited circumstances prescribed by the Corporations Act, in particular, if another person makes an offer under a takeover bid for Carawine Shares.

There will be an automatic extension of the Offer Period if QGold's Voting Power in Carawine increases to more than 50% during the last 7 days of the Offer Period. In that event, the Offer Period will end 14 days after QGold's Voting Power increased to more than 50%, in accordance with the Corporations Act.

5.7 Withdrawal of the Offer

QGold may only withdraw the Offer in respect of any unaccepted offers in limited circumstances as summarised below:

- (a) with the written consent of ASIC, subject to any conditions specified in such consent;
- (b) if any Prescribed Occurrence occurs during the bid period, provided that the Bidder's Voting Power in Carawine is at or below 50% when the Prescribed Occurrence happens (the Bidder's Voting Power in Carawine is approximately 19.65% as at the Last Practicable Date); or
- (c) if any Insolvency Event occurs during the bid period (regardless of the Bidder's Voting Power in Carawine at the time).

Any withdrawal of the Offer must be announced by QGold to the ASX.

Please refer to section 1.12 of the Bidder's Statement for further details.

5.8 Effect of acceptance and any subsequent increase in Offer Price or superior proposal

Carawine Shareholders should understand that, by accepting the Offer, they will have entered into a binding contract to sell their Carawine Shares to QGold.

Once made, an acceptance of the Offer cannot be withdrawn. If you accept the Offer and QGold subsequently improves the Offer Price, you will not be entitled to the benefit of that improved Offer Price. Similarly, if you accept the Offer, you will forfeit the opportunity to benefit from any superior offer made by another bidder for your Carawine Shares, if a superior offer were to eventuate, or any future higher price in the market.

5.9 Timing for receipt of consideration for Carawine Shareholders who accept the Offer

The usual rules for settlement of transactions which occur on-market on the ASX will apply in respect of acceptance of the Offer. This means that if you accept the Offer, you will be paid the consideration on a T+2 basis (being the second Trading Day after the date of the transaction) in accordance with the ASX Settlement Operating Rules.

5.10 Funding of the consideration

As at the date of the Bidder's Statement, QGold does not itself hold any cash amounts specifically for payment of the consideration required for the acquisition of Carawine Shares under the Offer.

QGold intends to fund the consideration payable under the Offer by borrowings from Christopher Ian Wallin (**Lender**), who has irrevocably agreed to lend such funds to QGold up to the *Maximum Consideration Amount* (as defined in section 7.1 of the Bidder's Statement, being the maximum consideration payable by the Bidder to acquire all outstanding Carawine Shares and assuming all Options are exercised and converted into Carawine Shares during the Offer Period) plus transaction costs (**Total Aggregate Amount**) (the **Funding Arrangement**).

The Lender has, through his related entities and persons, cash reserves deposited at Australian banks in excess of the Total Aggregate Amount to fulfil his obligations under the Funding Arrangement.

The Bidder is not permitted under the terms of the Funding Arrangement to apply the Total Aggregate Amount for any other purpose.

Under the terms of the Funding Arrangement, the Lender is required to advance amounts up to the Total Aggregate Amount to the Bidder on demand by way of an unsecured loan.

Further details in relation to the Funding Arrangement are set out in section 7 of the Bidder's Statement.

5.11 Consequences of QGold having a relevant interest in Carawine of 90% or more and compulsory acquisition

(a) Introduction

QGold has stated in section 5.2 of the Bidder's Statement that:

- (i) if it acquires 90% or more of Carawine Shares, QGold intends to proceed with the compulsory acquisition process to acquire the outstanding Carawine Shares in accordance with the Corporation Act; and
- (ii) at the conclusion of the compulsory acquisition process, QGold intends to arrange for Carawine to be removed from the Official List of ASX (subject to any required approvals on the part of ASX), thereby eliminating the corporate administration costs associated with maintaining Carawine as a listed company.

Accordingly, Carawine Shareholders should assume that, if QGold becomes entitled to exercise its right to compulsorily acquire any outstanding Carawine Shares, QGold will exercise that right.

The Bidder has noted that it does not intend to compulsorily acquire any Options unless it is required to do so by law in accordance with the Corporations Act.

As at the Last Practicable Date, according to substantial holding notices lodged with the Company, QGold and its Associates had a Relevant Interest in approximately 19.65% of the total Carawine Shares.

The Bidder has also noted intentions in relation to re-constituting the Board of Directors and undertaking a review of operations, assets, structure and employees of Carawine where it acquires a Relevant Interest in 90% or more of the Carawine Shares.

Carawine Shareholders should consider section 5.2 of the Bidder's Statement which sets out the intentions of the Bidder upon acquiring a Relevant Interest in 90% or more of the Carawine Shares.

(b) **Compulsory acquisition within one month after the end of the Offer Period**

QGold will be entitled to compulsorily acquire any Carawine Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, QGold and its Associates have a Relevant Interest in at least 90% (by number) of the Carawine Shares on issue.

If this threshold is met and QGold wishes to exercise its right to compulsorily acquire any outstanding Carawine Shares, QGold will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Carawine Shareholders who have not accepted the Offer. Carawine Shareholders have certain statutory rights under the Corporations Act to challenge a compulsory acquisition, but a successful challenge will require the relevant Carawine Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Carawine Shares. Carawine Shareholders should be aware that, if their Carawine Shares are compulsorily acquired, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

(c) **Compulsory acquisition in the future**

Even where QGold does not reach the 90% compulsory acquisition threshold described in paragraph (b) above at the end of the Offer Period, it is possible that QGold will, at some time after the end of the Offer Period, either alone or together with a Related Body Corporate, hold full beneficial interests in at least 90% (by number) of all the Carawine Shares. If this threshold is met, QGold would then have rights to compulsorily acquire all of the Carawine Shares that it does not own within six months of becoming the holder of 90% (by number) of all the Carawine Shares. QGold's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

Carawine Shareholders would have certain statutory rights under the Corporations Act to challenge a compulsory acquisition, but a challenge would require Carawine Shareholders with at least 10% of the Carawine Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If Carawine Shareholders holding such number of Carawine Shares object to the compulsory acquisition, and QGold still wishes to proceed with the compulsory acquisition, QGold may apply to the court for approval of the acquisition of the Carawine Shares covered by the notice. In the absence of a challenge by Carawine Shareholders holding the requisite number, Carawine Shareholders who have their Carawine Shares compulsorily acquired under this procedure are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

The Bidder has indicated in section 5.3 of the Bidder's Statement that, if it becomes entitled to give notices to compulsorily acquire any outstanding Carawine Shares in accordance with section 664C of the Corporations Act as a result of additional Carawine Shares, the Bidder intends to give such notices.

5.12 Consequences of QGold having a relevant interest in Carawine of more than 50% but less than 90%

If QGold obtains a Relevant Interest in Carawine of more than 50%, but less than 90%, the remaining Carawine Shareholders will be minority shareholders in Carawine.

This has a number of possible implications, including those factors summarised at section 3.11 of this Target's Statement.

The Bidder has indicated in section 5.3 of the Bidder's Statement that, among other things, it may proceed to acquire additional Carawine Shares under the 3% "creep" provisions of the Corporations Act and/or as permitted by the Corporations Act as part of any future capital raising undertaken by Carawine.

As stated at section 5.11(c) of this Target's Statement, the Bidder has indicated in section 5.3 of the Bidder's Statement that, if it becomes entitled to give notices to compulsorily acquire any outstanding Carawine Shares in accordance with section 664C of the Corporations Act as a result of additional Carawine Shares, the Bidder intends to give such notices.

Carawine Shareholders should consider section 5.3 of the Bidder's Statement which sets out the intentions of the Bidder upon acquiring a Relevant Interest in more than 50.1%, but less than 90%, of the Carawine Shares.

5.13 Consequences of QGold having a relevant interest in Carawine of 50% or less

Even if QGold has a Relevant Interest in Carawine of 50% or less, it is possible that QGold will seek to use its Voting Power to influence decision making within Carawine. The scale of such influence may depend on what Relevant Interests QGold and its Associates ultimately obtain in Carawine.

QGold has indicated in section 5.4 of the Bidder's Statement that, in such a situation, it intends to:

- (a) seek to obtain representation on the Carawine Board which is at least consistent with its proportionate shareholding; and
- (b) to the extent possible and appropriate, implement the intentions of the Bidder in relation to further acquisition of Carawine Shares, as set out in section 5.3 of the Bidder's Statement.

Carawine Shareholders should consider section 5.4 of the Bidder's Statement which sets out the intentions of the Bidder if it has less than 50.1% Voting Power in Carawine at the close of the Offer.

6. INFORMATION REGARDING CARAWINE

6.1 Background information on Carawine

Carawine is an Australian public company, incorporated in Western Australia on 16 March 2016. The Company was admitted to the Official List of ASX on 12 December 2017.

Carawine was formed as an exploration company whose primary focus is to explore for, and ultimately develop, economic gold, copper and base metal deposits within Australia.

Carawine currently has an interest in five exploration projects located in active and well-established mineral provinces in Western Australia and Victoria, each targeted for their potential high-value deposit styles and commodity groups.

Part of Carawine's assets located in Western Australia are held by its wholly owned subsidiary, Phantom Resources Pty Ltd.

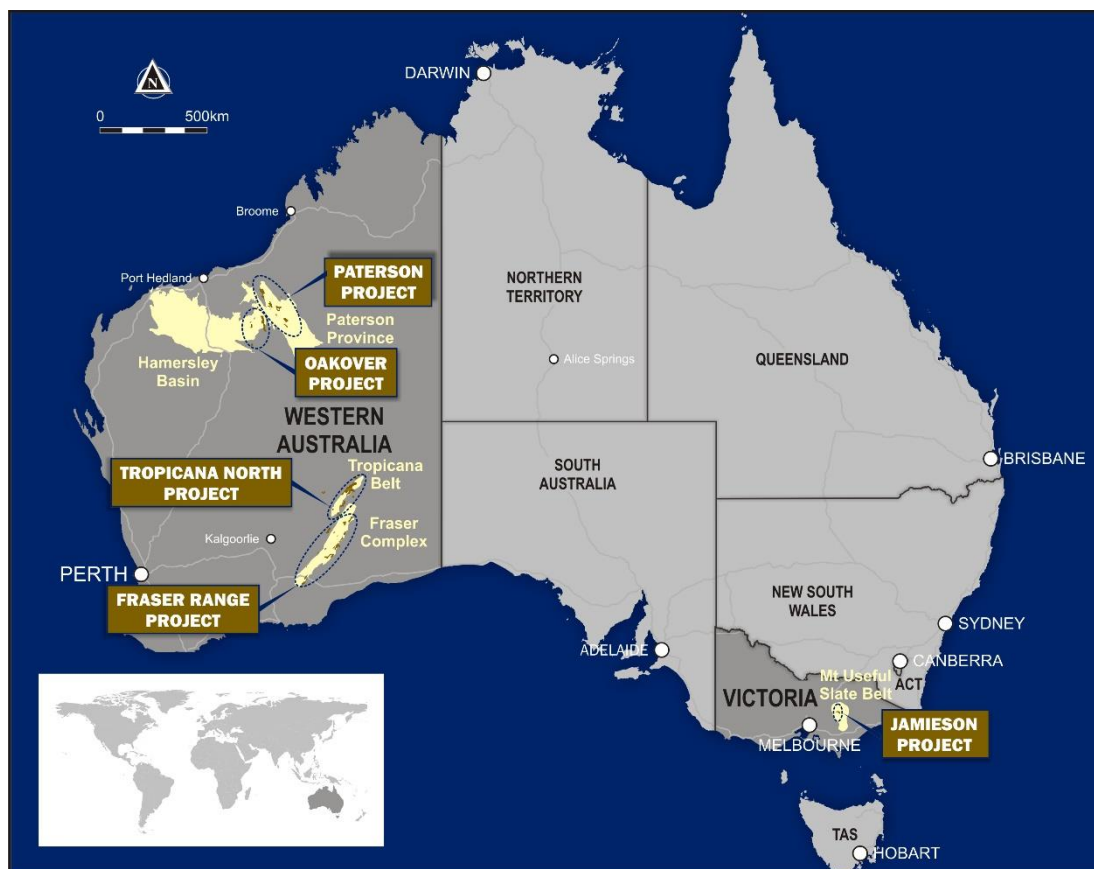


Figure 1: Carawine's project locations.

Set out below is an overview of the projects in which Carawine has an interest.

The Tropicana North Project

Located in the Tropicana and Yamarna regions of Western Australia's north-eastern goldfields, Tropicana North is the focus of Carawine's current exploration activities. The project contains 80km strike of the Tropicana Belt, including strike extensions of the same and similar rock units and structures to those hosting the large Tropicana gold mine (operated by AngloGold Ashanti Australia Limited (**AGA**) in joint venture with Regis Resources Limited (**Regis**)).

The project comprises ten granted exploration licences and three exploration licence applications over an area of approximately 1,900km², making Carawine the second-largest tenement holder in the region behind AGA. Two of the granted exploration licences (**Neale** and **Don King**) are the subject of a joint venture between Carawine (90%) and Thunderstruck (10%), with Carawine to free-carry Thunderstruck to the completion of a bankable feasibility study after which Thunderstruck may elect to contribute to further expenditure or dilute. The remaining tenements are held 100% by Carawine.

Historic exploration comprising geophysical surveys, project-wide auger soil sampling and regional to prospect-scale drilling has identified several early-stage to advanced gold prospects across the project, providing Carawine with a pipeline of high-quality exploration targets on which to focus its exploration.

Since generating the Tropicana North Project in late 2020, Carawine has announced a major gold discovery at the Hercules prospect and the definition of new gold prospects at the Big Freeze and Beanie prospects within the Thunderstruck joint venture.

Follow-up drilling at Hercules has been the most successful of Carawine's programs to date, with results extending gold mineralisation along a 340m strike length, from 35m to 250m below surface, and remaining open. Assay results released to date confirm Hercules is a significant discovery, and include⁸:

- 6m @ 26.6g/t Au (from 136m, TNRC020)
- 4.6m @ 14.7g/t Au (from 165.2m, TNDD001)
- 0.95m @ 73.7g/t Au (from 60.1m, TNDD002)

(geological boundaries and/or >0.3g/t Au lower cut-off, downhole widths, refer previous Hercules ASX announcements for details)

Drilling is ongoing at the Hercules prospect, with further assay and other results anticipated to be released during, and soon after the end of, the Offer Period. Drilling at the Big Freeze and Beanie prospects was also recently completed, with results from these programs expected to be released during the Offer Period.

The Fraser Range Project

Carawine's Fraser Range Project comprises seven granted exploration licences and nine exploration licence applications (five subject to ballot), covering an area of approximately 1,800km² in the Fraser Range region of Western Australia.

The project is considered highly prospective for magmatic nickel-copper-sulphide deposits such as the Nova-Bollinger deposit held by IGO and two recent, emerging discoveries in the Central Fraser region by Legend Mining Limited (ASX:

⁸ Note: the information in this section is extracted from Carawine's ASX market announcements released on 3 March 2021 (Titled: Outstanding Results Continue with Latest High-Grade Intersections at Hercules), 23 September 2021 (Titled: Strong Results from Hercules Extend Multiple Lode System and Deposit Strike) and 15 February 2022 (Titled: New Mineralisation Identified at Hercules as Big Freeze Follow-Up Drilling Begins) available to view on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX). The information in this section that relates to Exploration Results is based on information compiled by Mr Michael Cawood, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

LEG) at its Mawson prospect, and Galileo Mining Limited (ASX: GAL) at its Lantern group of prospects.

Carawine has a farm-in and joint venture agreement with IGO over five tenements at Red Bull, Bindii, Big Bullocks, and Aries (the Fraser Range Joint Venture). IGO currently holds a 70% interest in these tenements and can earn up to a further ~6% interest by 30 June 2022 (depending on actual exploration expenditure up to ~\$1.3 million). The remaining tenements are held 100% by Carawine.

IGO are actively exploring the Fraser Range joint venture tenements. Carawine's exploration focus is on its 100%-owned Big Bang tenement, where several magmatic nickel-copper targets have been identified (refer to Carawine's ASX market announcement released on 15 September 2020).

The Jamieson Project

The Jamieson Project comprises granted exploration licences EL5523 and EL6622, which cover an area of 120km² within the Mt Useful Slate Belt geological province in north-east Victoria, part of the south-east Lachlan Fold Belt. The region was founded on gold in the 1850s, and contains several historic and currently operating gold mines.

Carawine is advancing two main prospect areas at the Jamieson Project: Hill 800 and Rhyolite Creek, and regionally searching for porphyry-related gold-copper mineralisation, within Cambrian-aged calc-alkaline volcanic rocks which have a genetic link with the Stavely Volcanics in western Victoria and the Mt Read Volcanics in western Tasmania – host to several world-class gold, copper and base metal deposits.

Hill 800 is the most advanced prospect at Jamieson, with drilling to date returning outstanding widths and grades of gold and copper mineralisation, and establishing the source of the Hill 800 mineralisation as likely to be a fertile copper-gold porphyry system (refer to Carawine's ASX market announcements released on 27 May 2019, 11 September 2019, 14 May 2020 and 17 May 2021).

Exploration programs at Jamieson are currently on hold while Carawine focuses its resources on the Tropicana North and Fraser Range Projects.

The Paterson Project

Carawine's Paterson Project is located in the Paterson Province of Western Australia, host to the Telfer gold-copper (Newcrest), and Nifty and Maroochydore (Cyprium Metals) stratabound copper-(cobalt) deposits, and recent discoveries including Winu (Rio Tinto) and Havieron (Newcrest Mining/Greatland Gold).

The project comprises ten granted exploration licences and two exploration licence applications (subject to ballot) over an area of about 1,400km², containing host formations and structures common to the major copper, gold and copper-gold deposits in the Paterson Province.

Carawine has a farm-in and joint venture agreement with Rio Tinto, whereby Rio Tinto has the right to earn up to an 80% interest in three granted exploration licences at Baton and Red Dog, by spending \$5.5 million in six years from November 2019 to earn a 70% interest and then sole funding to a prescribed milestone.

Carawine also has a farm-in and joint venture agreement with Fortescue, whereby Fortescue has the right to earn up to a 75% interest in four exploration licences at Lamil Hills, Trotman South, Sunday and Eider, by spending \$6.1 million in seven years from November 2019. Carawine retains full rights on its remaining Paterson Project tenements.

Both Rio Tinto and Fortescue are planning active exploration campaigns in 2022, including drill-testing of a number of coincident magnetic/gravity, and airborne electromagnetic targets at Baton by Rio Tinto.

The Oakover Project

Located in the East Pilbara region of Western Australia, the Oakover Project comprises ten granted exploration licences and one exploration licence application with a total area of about 990km², held 100% by Carawine.

Carawine has a farm-in and joint venture agreement with Black Canyon, whereby Black Canyon has the right to earn up to a 75% interest in eight of the Oakover Project tenements by spending \$4 million in five years from May 2021. The Oakover Project is considered prospective primarily for manganese, and also for copper, iron and gold.

Black Canyon has reported an Inferred Mineral Resource estimate based on historic drill data totalling 15 million tonnes (Mt) @ 11.3% manganese (Mn) for the LR1 deposit, at Flanagan Bore (refer Black Canyon's ASX market announcement released on 5 October 2021)⁹:

Table 1: LR1 Mineral Resource Summary*

Mineral Resource Category	Material (Mt)	In Situ Mn (Mt)	Mn (%)	Fe (%)	Si (%)	Al (%)
Inferred	15	2	11.3	9.6	19.3	5.2
Total	15	2	11.3	9.6	19.3	5.2
*Note: reported above 7% Mn cut-off, refer Black Canyon's ASX announcement dated 5 October 2021 for details						

The Mineral Resource estimate for LR1 currently extends over 1km of strike and is open along strike and down dip. Manganese mineralisation at Flanagan Bore is associated with shallowly dipping manganese-enriched shale units that are folded about a regional scale anticline that appears to be semi-continuous along 10km of strike around the fold nose at FB3, and associated fold limbs.

Additional results from Black Canyon's first drilling program at Flanagan Bore, comprising 168 RC holes and 13 PQ-diameter diamond holes have been successful in identifying significant thicknesses and grades of near-surface manganese mineralisation at the LR1 and FB3 prospects. This data will be used to update the LR1 Mineral Resource, and provide inputs for a Scoping Study at LR1

⁹ Note: the information in this section is extracted from Black Canyon's ASX market announcement released on 5 October 2021 (Titled: Maiden Manganese Mineral Resource for the LR1 Prospect at Flanagan Bore) and is available to view on Black Canyon's ASX Announcement page at www.asx.com.au (ASX Code: BCA). The information in this section that relates to estimates of Mineral Resources is based on information compiled by Mr Greg Jones, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

(for further details refer to Black Canyon's ASX market announcements released on 4 January, 8, 21 February and 2 March 2022)¹⁰.

Further Information

For further details regarding the projects in which Carawine has an interest in, Carawine Shareholders should refer to:

1. the Projects page of Carawine's website: www.carawine.com.au; and
2. Carawine's 2021 Annual Report and 31 December 2021 quarterly activities report, and recent ASX announcements available at Carawine's ASX announcement page at: www.asx.com.au (ASX Code: CWX).

6.2 Directors of Carawine

As at the date of this Target's Statement, the Directors of Carawine are:

Name	Position
Will Burbury	Non-Executive Chairman
David Boyd	Managing Director
David Archer	Non-Executive Director

6.3 Publicly available information about Carawine

Carawine is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Carawine is subject to the ASX Listing Rules which require continuous disclosure of any information Carawine has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by Carawine are available on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

6.4 Financial information and related matters

Carawine's latest released audited financial statements are for the financial year ended 30 June 2021, which were lodged with ASX on 22 September 2021 (**2021 Annual Report**).

¹⁰ Note: the information in this section is extracted from Black Canyon's ASX market announcements released on 4 January 2022 (Titled: Drilling Completed at the Flanagan Bore Manganese Project), 8 February 2022 (Titled: Thick Manganese Intersections from Mineral Resource extension drilling at Flanagan Bore LR1 Deposit), 21 February 2022 (Titled: Further Thick Manganese Intersections from the Flanagan Bore LR1 Deposit) and 2 March 2022 (Titled: Manganese Discovery at FB3, Flanagan Bore Project) and are available to view on Black Canyon's ASX Announcement page at www.asx.com.au (ASX Code: BCA). The information in this section that relates to Exploration Results is based on information reviewed by Mr Brendan Cummins, a Competent Person who is a Member of the Australian Institute of Geoscientists. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Details of Carawine's operational, financial and exploration activities for the intervening period is provided in:

- (a) Carawine's quarterly activities report for the period ended 30 September 2021 released on 29 October 2021; and
- (b) Carawine's quarterly activities report for the period ended 31 December 2021 released on 28 January 2022.

Copies of the 2021 Annual Report and the above quarterly activities reports are available on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

As announced on 10 November 2021, Carawine undertook a capital raising pursuant to which the Company issued 27,444,445 Shares at an issue price of \$0.18 per Share to raise \$4.94 million (before associated costs) (**Placement**).

As at 28 February 2022, Carawine had cash on hand of approximately \$5.3 million.

So far as the Carawine Directors are aware, other than the Placement as previously disclosed to ASX:

- (c) the financial position of Carawine has not materially changed since the date of the 2021 Annual Report and the date of this Target's Statement, other than a reduced cash position in the normal course of operating its business, except as disclosed in this Target's Statement and Carawine's ASX announcements to the ASX since 30 June 2021; and
- (d) there has not been any matters or circumstances, other than those referred to in the quarterly activities report for the period ended 30 September 2021 and this Target's Statement that has significantly affected, or may significantly affect the operations or the financial position of Carawine, the results of operations of Carawine, or the state of affairs of the Carawine in future financial years.

Carawine Shareholders should note section 8.1 of this Target's Statement in connection with the potential effect of the Offer on certain material agreements of Carawine.

6.5 Takeover response costs

The Offer will result in Carawine incurring expenses that would not otherwise have arisen in the financial year ending 30 June 2022. These include expenses payable to the legal and corporate advisers engaged by Carawine to assist in responding to the Offer and payable to Carawine's share registry and service providers for administrative, printing and mailing costs. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, and the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to Carawine.

6.6 Forecast financial information for the Carawine Group

Carawine has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The Carawine Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information concerning the future financial performance of the Carawine Group, as a reasonable basis does not

exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Carawine Group in any period will be influenced by various factors that are outside the control of the Directors and that cannot, at this time, be predicted with a high level of confidence. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7. INFORMATION RELATING TO THE CARAWINE DIRECTORS

7.1 Interests and dealings in Carawine securities

(a) Interests in Carawine securities

As at the date of this Target's Statement, the Carawine Directors (and their Associates) have the following Relevant Interests in the securities of Carawine:

Director	Carawine Shares	Options
Will Burbury ¹	816,885	Nil
David Boyd ²	431,701	3,250,000
David Archer ³	1,252,134	Nil

Notes:

1. 2,366 Carawine Shares held directly by Mr Burbury, 661,346 Carawine Shares held by Mr Burbury ATF Burbury Family A/C and 153,173 Carawine Shares held indirectly by Energy-X Resources Pty Ltd ATF WJB S/F A/C, an entity controlled by Mr Burbury.
2. 1,250,000 Options exercisable at \$0.40 on or before 23 December 2025 and 1,250,000 Options exercisable at \$0.60 on or before 23 December 2025 held directly by Mr Boyd and 431,701 Shares and 750,000 Options exercisable at \$0.26 on or before 15 November 2023 held indirectly by DKMASAH Nominees Pty Ltd ATF DKMASAH Super Fund A/C, an entity controlled by Mr Boyd.
3. Securities held by David Lindsay Archer and Simone Elizabeth Archer as Joint Trustees for the David Archer Super Fund and Archer Enterprises (WA) Pty Ltd ATF David Archer Family Trust.

(b) Dealings in Carawine securities

Following receipt of Carawine Shareholder approval at Carawine's 2021 annual general meeting:

- (i) DKMASAH Nominees Pty Ltd ATF DKMASAH Super Fund A/C, an entity controlled by Mr Boyd, acquired 111,112 Carawine Shares at an issue price of \$0.18 per Carawine Share pursuant to the Placement referred to in section 6.4 of this Target's Statement; and
- (ii) Mr Boyd was granted 1,250,000 Options exercisable at \$0.40 on or before 23 December 2025 and 1,250,000 Options exercisable at \$0.60 on or before 23 December 2025 under the Company's incentive option plan approved by the Carawine Board in 2021.

Other than as set out above, no Carawine Director (nor any of their Associates) has acquired or disposed of a Relevant Interest in any securities on issue in Carawine in the 4 month period ending on the date immediately before the date of this Target's Statement.

As noted at section 2.4 of this Target's Statement, all Directors intend to REJECT the Offer in relation to the Carawine Shares held or controlled by them.

7.2 Interests and dealings in QGold securities

(a) Interests in QGold securities

As at the date of this Target's Statement, no Carawine Director (nor any of their Associates) has a Relevant Interest in any securities on issue in QGold or any Related Body Corporate of QGold.

(b) **Dealings in QGold securities**

No Carawine Director (nor any of their Associates) has acquired or disposed of a Relevant Interest in any securities on issue in QGold or any Related Body Corporate of QGold in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.3 Benefits and agreements

(a) **Benefits in connection with retirement from office as a result of the Offer**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Carawine or a Related Body Corporate of Carawine.

(b) **Agreements connected with or conditional on the Offer**

There are no other agreements or arrangements made between any Carawine Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Carawine Shares or Options.

(c) **Benefits from QGold**

None of the Carawine Directors has agreed to receive, or is entitled to receive, any benefit from QGold or any Related Body Corporate of QGold which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Carawine Shares or Options.

(d) **Interests in contracts with QGold**

None of the Carawine Directors has any interest in any contract entered into by QGold or any Related Body Corporate of QGold.

8. ADDITIONAL INFORMATION

8.1 Effect of the Offer on Carawine's material agreements

(a) Farm-in and joint venture arrangements

(i) Thunderstruck tenement acquisition and joint venture agreement

Carawine and Thunderstruck are parties to a tenement acquisition and joint venture agreement in relation to exploration licences E38/3244 and E39/1845 which form part of the Tropicana North Project (**Thunderstruck JV Agreement**).

The Thunderstruck JV Agreement contains a change of control provision which provides that:

- (a) in the event that a joint venturer undergoes a change of control¹¹ or documentation has been executed which will or would effect a change of control in a joint venturer, that joint venturer must provide written notice of the change of control to the other joint venturer; and
- (b) the other joint venturer may elect to, within 20 Business Days of receipt of the notice of the change of control, offer to purchase the whole or any part of the rights and interests of the joint venturer the subject of the change of control in the tenements and/or the joint venture at fair market value (as agreed by the parties, or failing agreement, as determined pursuant to an independent valuation process).

Accordingly, where the level of acceptances under the Offer are sufficient to constitute a change of control for the purposes of the Thunderstruck JV Agreement, Carawine would be exposed to the risks associated with the change of control provision being triggered and Thunderstruck exercising its rights referred to above to acquire Carawine's interests in the tenements and/or the joint venture the subject of the Thunderstruck JV Agreement.

(ii) Rio Tinto farm-in and joint venture agreement

Carawine and Rio Tinto are parties to a farm-in and joint venture agreement in relation to exploration licences E45/4871, E45/4881 and E45/4955 which form part of the Paterson Project (**West Paterson JV Agreement**).

¹¹ Under the terms of the Thunderstruck JV Agreement, a 'change of control' occurs where the 'control' of a party is changed from that subsisting as at the execution date of the Thunderstruck JV Agreement, within the meaning of section 50AA of the Corporations Act.

The West Paterson JV Agreement contains a change of control provision which provides that in the event that a party undergoes a change of control¹², that party:

- (a) must notify the other party; and
- (b) will be deemed to have granted the other party a first right of refusal for a term of 40 Business Days to purchase the whole or any part of the rights and interests of the party the subject of the change of control in the assets (being, the tenements and all mining data in relation to the tenements), the joint venture and/or the West Paterson JV Agreement at fair market value (as agreed by the parties, or failing agreement, as determined pursuant to an independent valuation process).

Accordingly, where the level of acceptances under the Offer are sufficient to constitute a change of control for the purposes of the West Paterson JV Agreement, Carawine would be exposed to the risks associated with the change of control provision being triggered and Rio Tinto exercising its rights referred to above to acquire Carawine's interests in the assets, the joint venture and/or the West Paterson JV Agreement.

(b) **Other material agreements**

Other than the agreements described in section 8.1(a) of this Target's Statement above, and excluding any contracts or arrangements which Carawine considers are not material in the context of the Carawine Group taken as a whole, to the best of Carawine's knowledge, none of the other material contracts or arrangements to which Carawine is a party contains a change of control provision which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial and operating performance and prospects of Carawine.

8.2 Effect of the Offer on Options

As noted at section 5.4 of this Target's Statement, the Offer will not extend to the acquisition of any Options. However, the Offer will extend to any Carawine Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the exercise or conversion of any existing Options.

The Company notes that of the total Options currently on issue:

- (a) 2,500,000 Options (Classes CWXAI, CWXAG and CWXAH) were granted to Directors and employees of the Company pursuant to the Company's incentive option plan approved by the Carawine Board in 2017; and

¹² Under the terms of the West Paterson JV Agreement, a 'change of control' occurs where the 'control' of a party is changed from that subsisting as at the execution date of the West Paterson JV Agreement, within the meaning of section 50AA of the Corporations Act.

- (b) 5,250,000 Options (Classes CWXAJ and CWXAK) were granted to Directors and employees of the Company pursuant to the Company's incentive option plan approved by the Carawine Board in 2021,

(collectively, the **Incentive Options**).

If a Change of Control Event occurs to the Company, any vesting conditions attaching to the Incentive Options (as applicable) will be deemed to be automatically waived, in which case the Incentive Options will be deemed to have vested, subject to the Carawine Board notifying holders of Incentive Options of that fact. Accordingly, the Offer may result in a Change of Control Event occurring for the purposes of the Incentive Options, depending on the level of acceptances under the Offer.

In the event it is necessary for the Carawine Board to exercise any discretion in determining whether a Change of Control Event has occurred to the Company, the Directors (as appropriate) will at all times, among other things, have reference to section 50AA of the Corporations Act.

8.3 Material litigation

Carawine does not believe that it is involved in any litigation or dispute which is material in the context of Carawine and its Subsidiaries taken as a whole.

8.4 Capital structure of Carawine

The capital structure of the Company as at the date of the Last Practicable Date is set out in the table below:

Class of security	Number
Shares	137,834,347
Options ¹	7,750,000

Notes:

- Unquoted Options comprising:
 - 1,000,000 Options exercisable at \$0.18 each on or before 26 August 2023;
 - 750,000 Options exercisable at \$0.26 each on or before 15 November 2023;
 - 750,000 Options exercisable at \$0.40 each on or before 14 December 2023;
 - 3,000,000 Options exercisable at \$0.40 each on or before 23 December 2025; and
 - 2,250,000 Options exercisable at \$0.60 each on or before 23 December 2025.

Other than as set out above, there are no other Shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other instruments which are convertible into securities in Carawine nor has Carawine offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any third party.

8.5 Substantial holders

As at the Last Practicable Date, the substantial holders of Carawine are:

Name of substantial holder	Number of Carawine Shares in which substantial holders have Relevant Interests	% of total Carawine Shares in which substantial holders have Relevant Interests
QGold and Associates	27,086,363	19.65%
Harvest Lane Asset Management Pty Ltd and Associates	14,274,406	10.36%

8.6 Continuous disclosure

Carawine is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Carawine to notify the ASX of information about specified matters and events as they arise for the purposes of the ASX making that information available to the market. In particular, Carawine has an obligation under the Listing Rules (subject to limited exceptions) to notify the ASX immediately upon becoming aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of Carawine Shares.

In addition, Carawine will make copies of the following documents available for inspection at Carawine's registered office (between 9:00am and 5:00pm (WST) on Business Days):

- (a) Carawine's 2021 Annual Report;
- (b) Carawine's Constitution; and
- (c) any continuous disclosure document lodged by Carawine with the ASX between the lodgement of its 2021 Annual Report and the date of this Target's Statement.

Copies of the documents are also available on Carawine's website at www.carawine.com.au or may be requested to be provided free of charge by contacting Carawine on +61 8 9209 2703 between 9:00am and 5:00pm (WST) on Business Days.

Copies of documents lodged with ASIC in relation to Carawine may be obtained from, or inspected at, the offices of ASIC.

8.7 Consents

The persons identified in the table below have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to:

- (a) be named in this Target's Statement in the form and context in which they are named;
- (b) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement; and

- (c) the inclusion of other statements in this Target's Statement that are based on or referable to statements made in those reports or statements, or that are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Named As	Reports or Statements
Steinepreis Paganin	Legal adviser	N/A
Bridge Street Capital Partners Pty Limited	Corporate adviser	N/A
Link Market Services	Share Registry	N/A

Each of the above persons:

- (a) has not caused or authorised the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or the ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement.

As required by ASIC Class Order 13/521, any Carawine Shareholder who would like to receive a copy of any of these documents (or relevant parts of those documents) may obtain a copy free of charge within 2 Business Days of the request by contacting Carawine on +61 8 9209 2703 between 9:00am and 5:00pm (WST) on Business Days.

Copies of ASX announcements made by Carawine are available on Carawine's website at www.carawine.com.au or Carawine's ASX Announcement page at www.asx.com.au (ASX Code: CWX).

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

Pursuant to that instrument, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from Bloomberg without its consent.

8.8 ASIC declarations and ASX waivers

Carawine has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Takeover Bid. The Company may rely on class order relief granted by ASIC which applies generally to all persons.

Carawine has not been granted any waivers by the ASX in relation to the Takeover Bid.

8.9 No other material information

This Target's Statement is required to include all the information that Carawine Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director of Carawine.

The Carawine Directors are of the opinion that the information that Carawine Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in Carawine's releases to the ASX, and in the documents lodged by Carawine with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Carawine Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Carawine Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Carawine Directors have had regard to:

- (a) the nature of the Carawine Shares;
- (b) the matters that Carawine Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Carawine Shareholders' professional advisers; and
- (d) the time available to Carawine to prepare this Target's Statement.

9. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the directors of Carawine.

Dated 8 March 2022.

Signed for and on behalf of Carawine:

A handwritten signature in black ink, appearing to read 'Will Burbury', written in a cursive style.

Will Burbury
Non-Executive Chairman
Carawine Resources Limited

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

Where the following terms are used in this Target's Statement they have the following meanings:

A\$ or \$ means an Australian dollar.

AEST means Australian Eastern Daylight Time.

2021 Annual Report means Carawine's audited financial statements for the financial year ended 30 June 2021, which were lodged with ASX on 22 September 2021.

ASIC means Australian Securities & Investments Commission.

Associate has the meaning given in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Bidder's Statement or **QGold Bidder's Statement** means the bidder's statement issued by QGold under Part 6.5 of Division 2 of the Corporations Act in relation to the Offer dated 22 February 2022.

Broker means a member organisation admitted by ASX to participate in CHESS.

Business Day means a day on which banks are open for business in Perth, Australia, excluding a Saturday, Sunday or public holiday.

Carawine or **Company** means Carawine Resources Limited (ACN 611 352 348).

Carawine Board means the board of Directors of Carawine.

Carawine Director or **Director** means a director of Carawine.

Carawine Group means Carawine and its Subsidiaries.

Carawine Share or **Share** means a fully paid ordinary share in the capital of Carawine.

Carawine Shareholder or **Shareholder** means a registered holder of Carawine Shares.

Change of Control Event means:

- (a) a bona fide Takeover Bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;

- (b) a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement 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
- (c) in any other case, a person obtains Voting Power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic security transfers in Australia.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Exploration Results has the meaning given to that term in the JORC Code.

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act.

JORC Code means the 2012 Edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee.

Last Practicable Date means the last practicable date prior to the date of this Target's Statement, being close of trading on the ASX on 4 March 2022.

Mineral Resources has the meaning given to that term in the JORC Code.

Offer or **QGold's Offer** means each offer to acquire Carawine Shares made in connection with the Takeover Bid.

Offer Information Line means the information line in relation to the Offer available during the Offer Period on 1800 500 710 between 8:30am and 8:00pm (Sydney time) Monday to Friday.

Offer Period means the period that the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.

Offer Price means \$0.21 cash per Carawine Share.

Official List means the official list of ASX.

Option means an option to acquire a Carawine Share.

Prescribed Occurrence means any of the events set out in section 652C(1) of the Corporations Act.

QGold or **Bidder** means QGold Pty Ltd (ACN 149 659 950).

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given in section 608 and section 609 of the Corporations Act.

Subsidiary has the meaning given to that term in the Corporations Act.

Takeover Bid means the on-market takeover bid under Chapter 6 of the Corporations Act made by QGold to acquire all of the Carawine Shares on the terms set out in the QGold Bidder's Statement.

Target's Statement means this document, being the statement of Carawine under Part 6.5 Division 3 of the Corporations Act issued in relation to the Offer.

Trading Day has the meaning given in the Listing Rules.

Voting Power has the meaning given in section 610 of the Corporations Act.

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.

10.2 Interpretation

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act or the Listing Rules (as is appropriate to the context).
- (b) words of any gender include all genders.
- (c) words indicating the singular include the plural and vice versa.
- (d) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) a reference to time is a reference to WST, unless otherwise specified.
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia, unless otherwise specified.