



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment.

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Attachment.

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment.

Blank lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Wayne Bromme* Date ▶ 16 September 2024

Print your name ▶ Wayne Bromme Title ▶ Managing Director & CEO

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Kendall R. Fisher	<i>[Signature]</i>	09/15/2024		P01980923
Firm's name ▶ Dorsey & Whitney LLP			Firm's EIN ▶	41-0223337
Firm's address ▶ Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, WA 98104			Phone no.	(206) 903-8793

Westgold Resources Limited

Attachment to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities (The Arrangement)

**Consult your tax advisor:** The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Arrangement (as defined below) on the tax basis of shares in Westgold Resources Limited, a corporation organized under the laws of Australia (“Westgold”), in the hands of holders of shares of Westgold stock who are U.S. taxpayers and who received such shares of Westgold stock by reason of participating in the Arrangement (as defined below) and by reason of previously being holders of shares of stock of Karora Resources Inc., a corporation formed under the laws of Canada (“Karora”) (“U.S. Shareholders”). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Westgold nor Karora provides tax advice to its shareholders. You are urged to consult your own tax advisors regarding the particular consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state and local tax laws as well as non-U.S. tax laws.

This Form 8937 and the analysis contained herein also does not address the U.S. federal, state, local or non-U.S. tax consequences of the Arrangement applicable to holders of options, performance share units, deferred share units, restricted share units or other convertible securities of Karora. Holders of such options, performance share units, deferred share units, restricted share units or other convertible securities are urged to consult their own tax advisors regarding the tax consequences of the Arrangement to them in light of their own personal circumstances.

For additional information, please read the Management Information Circular of Karora, dated as of June 17, 2024 (the “Circular”), which is available at [www.sedarplus.ca](http://www.sedarplus.ca). In particular, U.S. Shareholders should review the portion of the Circular entitled “Certain United States Federal Income Tax Considerations” and consult with their own tax advisor.

Part II Item 14. (Description of organizational action)

The “Arrangement” was effected pursuant to the following mutually interdependent steps (certain steps of the Arrangement which are not relevant to the discussion herein are omitted, but are described in greater detail in the arrangement agreement (the “Arrangement Agreement”) dated as of April 8, 2024 by and among Westgold, 1474429 B.C. Ltd., a corporation organized under the laws of the Province of British Columbia, Canada and a wholly-owned subsidiary of Westgold (“Acquireco”), Karora and 1000853883 Ontario Inc., a corporation organized under the laws of the Province of Ontario, Canada (“Spinco”):

**Step 1:** On August 1, 2024 (the “Effective Date”) and pursuant to a Contribution Agreement and any and all ancillary agreements related thereto by and among Karora, applicable direct or

indirect subsidiaries of Karora and Spinco, Karora, and its applicable direct or indirect subsidiaries, transferred certain property and assets to Spinco and received in exchange therefor common shares of Spinco (“**Spinco Shares**”). Thereafter, each applicable direct or indirect subsidiary of Karora that received Spinco Shares pursuant to the Contribution Agreement transferred such Spinco Shares (if any) to Karora.

**Step 2:** Thereafter, on the Effective Date and pursuant to the Arrangement Agreement, Karora amended its authorized share capital with the creation of an unlimited number Class A Shares (“**Karora Class A Shares**”).

**Step 3:** Thereafter, on the Effective Date and pursuant to the Arrangement Agreement, Karora engaged in a reorganization of its capital whereby each Karora shareholder received one Karora Class A Share and 0.30 of a Spinco Share for each Karora common share (“**Karora Share**”) surrendered in exchanged therefor (the “**Spin Out**”). No fractional Spinco Shares were issued pursuant to the Spin Out, with any fractional shares rounded down to the nearest whole number.

**Step 4:** Thereafter, on the Effective Date and pursuant to the Arrangement Agreement, Acquireco acquired all of the issued and outstanding Class A Shares of Karora, after which Karora became a wholly-owned subsidiary of Acquireco (the “**Acquisition**”). Pursuant to the Acquisition, each holder of Karora Class A Shares (“**Karora Class A Shareholders**”) received 2.524 ordinary shares of Westgold (“**Westgold Shares**”) and CAD\$0.608 (the “**Cash Consideration**”) for each Karora Class A Share surrendered in exchange therefor. No fractional Westgold Shares were issued pursuant to the Arrangement, with any fractional shares rounded down to the nearest whole number. If the aggregate Cash Consideration which a Karora Class A Shareholder was entitled to receive otherwise included a fraction of CAD\$0.01, then the aggregate cash amount was rounded down to the nearest whole CAD\$0.01.

U.S. Shareholders should review the Circular and consult with their own tax advisors regarding the tax consequences of the Arrangement to them in light of their particular circumstances.

Part II Item 15. (Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer)

The Arrangement was effected under applicable provisions of Canadian corporate law, which are technically different from analogous provisions of U.S. corporate law. Accordingly, the U.S. federal income tax consequences of certain aspects of the Arrangement are uncertain. U.S. Shareholders should consult with their own tax advisors regarding the proper treatment of the Arrangement for U.S. federal income tax purposes.

Pursuant to the Spin Out, each Karora Shareholder received Karora Class A Shares and Spinco Shares in exchange for his, her or its Karora Shares. Westgold believes that the Spin Out should be treated, under the step transaction doctrine or otherwise, as (i) a tax-deferred exchange by Karora Shareholders of their existing Karora Shares for Karora Class A Shares, under Code Section 1036 or Code Section 368(a)(1)(E) (or both) (the “**Recapitalization**”), combined with (ii) although it is not free from doubt, a taxable distribution of Spinco Shares under Code Section

301 (the “**Distribution**”), but Westgold provides no assurances in this regard. The following summary assumes that the Spin Out will be treated in the foregoing manner for U.S. federal income tax purposes.

Provided the Recapitalization qualifies as a tax-deferred exchange under Code Section 1036 or Code Section 368(a)(1)(E) (or both), each U.S. Shareholder should have the same tax basis and holding period in each Karora Class A Share received pursuant to the Recapitalization that such U.S. Shareholder had in each Karora Share held immediately prior to the Recapitalization.

Provided the Distribution constitutes a taxable distribution under Code Section 301, each U.S. Shareholder should have a tax basis in the Spinco Shares received pursuant to the Distribution equal to the fair market value of such Spinco Shares on August 1, 2024. Karora has not computed its current or accumulated earnings and profits under United States federal tax principles for its tax year which includes the Distribution. As a result, U.S. Shareholders should assume that the Distribution of Spinco Shares constitutes ordinary dividend income equal to the fair market value of such Spinco Shares distributed pursuant to the Distribution.

Pursuant to the Acquisition, each Karora Class A Shareholder received Westgold Shares and Cash Consideration in exchange for his, her or its Karora Class A Shares. Westgold believes that the Acquisition should be treated as a taxable transaction for U.S. federal income tax purposes. As a result, each U.S. Shareholder should have a tax basis in the Westgold Shares received pursuant to the Acquisition equal to the fair market value of such Westgold Shares on August 1, 2024.

If Karora was a passive foreign investment Company (“**PFIC**”), as defined under Code Section 1297, for any tax year during which a U.S Shareholder held its Karora Shares, certain special PFIC rules may apply to the Arrangement. U.S. Shareholders should review the Circular and consult with their own tax advisors regarding the potential application of the PFIC rules.

#### Part II Item 16. (Description of the calculation of the change in basis)

For purposes of calculating fair market value for purposes of the Spin Out, the fair market value of a Spinco Share on August 1, 2024 is estimated at U.S.\$0.13.

For purposes of calculating fair market value for purposes of the Acquisition, the fair market value of a Westgold Share on August 1, 2024 is estimated at U.S.\$1.73, which was the closing price for a Westgold Share on the Australian Securities Exchange on August 1, 2024 (as converted to U.S. dollars using the daily exchange rates published by the Bank of Canada on August 1, 2024).

Each U.S. Shareholder should consult with his, her or its own tax advisors to determine whether they are required to recognize gain in connection with the Arrangement and what measure of fair market value is appropriate.

#### Part II Item 17. (List of applicable Code sections)

Provided the Spin Out constitutes, under the step transaction doctrine or otherwise, (i) a tax-deferred exchange either under Code Section 1036 or Code Section 368(a)(1)(E), combined with (ii) a taxable distribution under Code Section 301, the U.S. federal income tax consequences for U.S. Shareholders should be determined under Code Sections 301, 305(a), 307(a), 354, 358, 368(a)(1)(E), 1036 and 1223.

Provided the Acquisition constitutes a taxable transaction for U.S. federal income tax purposes, the U.S. federal income tax consequences for U.S. Shareholders should be determined under Code Sections 1001, 1012, 1211 and 1221.

In addition, if Karora was a PFIC at any time during the period that a U.S. Shareholder held Karora Shares, then Code Sections 1291-1297 would be applicable.

Part II Item 18. (Recognition of loss)

Provided the Recapitalization qualifies as a tax-deferred exchange under Code Section 1036 and/or Code Section 368(a)(1)(E), U.S. Shareholders should generally not recognize any loss pursuant to the Spin Out.

Provided the Acquisition constitutes a taxable transaction for U.S. federal income tax purposes, a U.S. Shareholder may recognize loss pursuant to the Acquisition to the extent such U.S. Shareholder's tax basis in the Karora Class A Shares surrendered exceeds the fair market value of the aggregate consideration received in exchange therefor.

Part II Item 19. (Other information)

The Arrangement was effective on August 1, 2024. For a U.S. Shareholder which participated in the Arrangement whose taxable year is a calendar year, the reportable tax year is 2024.