

CASSOWARY CAPITAL CORPORATION LIMITED

Cassowary Capital Corporation Limited Executes Letter of Intent for Proposed Qualifying Transaction to Become Scotland Focused Gold Exploration Company

For Immediate Release

Calgary, Alberta

June 1, 2020

Cassowary Capital Corporation Limited (TSXV – BIRD.P) ("**BIRD**") is pleased to announce that it has entered into a binding letter of intent dated effective June 1, 2020 ("**LOI**") with Western Gold Exploration Limited ("**WGE**") to complete a business combination, whereby BIRD has agreed, subject to certain conditions, to acquire WGE (the "**Transaction**"). Upon completion of the Transaction, the combined entity (the "**Resulting Issuer**") will continue the business of WGE and initially will be engaged in the exploration and development of prospective mineral properties located in Scotland, with a focus on gold and copper exploration and development.

The Transaction is intended to constitute the Qualifying Transaction of BIRD, as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"), and will result in a reverse takeover of BIRD.

About WGE

WGE is a private company formed under the laws of England and Wales, that holds minerals rights in Argyll County in western Scotland, and which mineral rights include the Knapdale and Lagalochoan projects. The mineral rights at Knapdale extend to base metal exploration rights over 3,253 hectares, with right to lease, and gold exploration rights over 1,574 hectares, with conditional right to lease. The mineral rights at Lagalochoan extend to base metal exploration rights over 612.5 hectares, with right to lease, and gold exploration rights over 118 km², with conditional right to lease.

A National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* compliant technical report and recommended work program is currently being prepared in respect of WGE's mining interests, and details of that technical report and further information regarding WGE's mineral rights will be disclosed in a subsequent news release. Financial information with respect to WGE will also be disclosed in a subsequent news release.

The Qualifying Transaction

Terms of the Transaction

The LOI is to be superseded by a definitive agreement ("**Definitive Agreement**") to be executed on or before June 30, 2020 (or such other date as is agreed to by BIRD and WGE). BIRD proposes to acquire all of the issued and outstanding WGE Shares (as defined below) pursuant to the terms of the Definitive Agreement, in exchange for 32,666,900 common shares of the Resulting Issuer (on a pre-Consolidation basis (as defined below)) at closing of the Transaction. This share exchange was based on BIRD shareholders and WGE shareholders holding (before the Concurrent Financing (as defined below)), 30% and 70% of the outstanding common shares of the Resulting Issuer upon completion of the Transaction, respectively, or on a deemed valuation of BIRD of \$0.1225 per BIRD Common Share and a deemed valuation of

WGE of \$4 million. Pursuant to the Transaction, the holders of the WGE Shares will become shareholders of the Resulting Issuer. The last closing price of the BIRD Common Shares prior to the issuance of this news release was \$0.05 per share.

Prior to the completion of the Transaction, the parties will use “commercially reasonable efforts” to cause BIRD or WGE (as determined by the parties) to complete an arm’s length private placement financing of securities (the “**Concurrent Financing**”), provided that such securities represent no less than 10% of the outstanding common shares of the Resulting Issuer upon completion of the Transaction. The terms and pricing of such Concurrent Financing and the involvement of any agents has not yet been determined and will be dependent on various factors, including market conditions.

It is also proposed that concurrent with the completion of the Transaction, the common shares of the Resulting Issuer be consolidated on the basis of one (1) post-consolidation share for each two and one-half (2.5) pre-consolidation shares (the “**Consolidation**”). A special resolution for the approval of the Consolidation will be put to BIRD’s shareholders for consideration at BIRD’s shareholder meeting, as described below.

Conditions of Closing

Completion of the Transaction is subject to a number of conditions, including:

- (i) the parties and the requisite number of WGE shareholders entering into the Definitive Agreement on or before June 30, 2020;
- (ii) the parties preparing an information circular in accordance with the rules of the Exchange, outlining the terms of the Transaction;
- (iii) the parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third party approvals and authorizations;
- (iv) each of BIRD and WGE obtaining the requisite shareholder approvals for the Transaction;
- (v) the parties obtaining requisite board approvals for the Transaction;
- (vi) each of the parties required by the Exchange entering into an escrow agreement upon the terms and conditions imposed pursuant to the policies of the Exchange;
- (vii) completion of the Concurrent Financing;
- (viii) the Resulting Issuer meeting the applicable Initial Listing Requirements of the Exchange as a Mining Issuer (pursuant to Policy 2.1 – *Initial Listing Requirements* of the Exchange), including, without limitation, the public float requirements; and
- (ix) completion of confirmatory due diligence by each of BIRD and WGE, acting reasonably.

BIRD expects that upon completion of the Transaction, the Resulting Issuer will be an exploration stage company with no producing properties and, consequently, no current

operating income, cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on the mineral interests held by WGE.

Sponsorship

Sponsorship of the Transaction is required by the Exchange unless an exemption or waiver from sponsorship requirement is available. BIRD is currently reviewing the requirements for and may apply for an exemption from the sponsorship requirements pursuant to the policies of the Exchange. BIRD intends to include any additional information regarding sponsorship in a subsequent news release.

Related Party Transaction and Shareholder Approval

The Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined by the Exchange) but will constitute a “related party transaction” as such term is defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and is subject to Policy 5.9 of the Exchange. As a result, a meeting of the shareholders of BIRD is required pursuant to Policy 2.4 of the Exchange or applicable securities laws to, among other things, approve the Transaction.

Prior to the completion of the Transaction, BIRD will call a meeting of its shareholders for the purpose of approving, among other matters:

- (i) a change of name of BIRD, as acceptable to the applicable regulatory authorities, effective upon closing of the Transaction;
- (ii) reconstitution of BIRD’s board of directors, as applicable;
- (iii) as required by governing regulatory bodies, the requisite approval of the Transaction; and
- (iv) the Consolidation.

Trading Halt

The BIRD Common Shares are presently halted and will remain halted until the Transaction is completed and approved by the Exchange.

Pre-Closing Capitalization of BIRD

As of the date hereof, BIRD's authorized share capital consists of an unlimited number of common shares ("**BIRD Common Shares**") in the capital of BIRD, of which 14,000,100 BIRD Common Shares are issued and outstanding. As well there are 1,400,000 options and 400,000 broker options outstanding, each exercisable to acquire one BIRD Common Share at an exercise price of \$0.10.

Pre-Closing Capitalization of WGE

As of the date hereof, 135,817,334 ordinary shares in WGE ("**WGE Shares**") are issued and outstanding. Prior to the completion of the Transaction, WGE will have no more than 154,834,000 WGE Shares issued and outstanding.

Additional details regarding the ownership of WGE will be disclosed in a subsequent news release.

Board of Directors and Management

BIRD will confirm the expected members of the Board of Directors and management of the Resulting Issuer upon completion of the Transaction, in a subsequent news release.

Name Change

BIRD intends to seek the requisite shareholder approval to change the name of the company. Any such name change is subject to applicable Exchange and other regulatory approvals.

Further Information

BIRD will issue additional news releases related to the final legal structure of the Transaction, Concurrent Financing terms, sponsorship, financial and shareholder information regarding WGE, the names and background of insiders of the Resulting Issuer and other material information as it becomes available.

For further information, please contact:

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Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the structure, terms, conditions and proposed timing for completion of the Transaction and

the Offering; the ability of BIRD and WGE to complete the Transaction and the Concurrent Financing; the anticipated ownership percentages in connection with the Transaction; the resumption in trading of the BIRD Common Shares; the Resulting Issuer's future business operations and results; the receipt of all necessary shareholder, Exchange, securities regulatory authority and other third party consents and approvals; the receipt by BIRD of an exemption from the sponsorship requirements of the Exchange; the anticipated terms of the Definitive Agreement; and the anticipated composition of the board of directors and management of the Resulting Issuer. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors, which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive shareholder or regulatory approvals; and the results of continued development, marketing and sales. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. BIRD disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

(Not for dissemination in the United States of America)