

11 JUNE 2024

SXG PROPOSED MERGER WITH MAWSON GOLD AND DUAL LISTING

Melbourne, Australia — Southern Cross Gold Ltd (“SXG” or the “Company”) (ASX: SXG) is pleased to announce that it has signed a Non-Binding Term Sheet (“NBTS”) with Mawson Gold Ltd (TSXV:MAW) (“MAW”) of Canada dated 11 June 2024 to merge the companies through an Australian scheme of arrangement transaction. The resulting entity, to be named Southern Cross Gold Ltd, will be listed on both Australian Securities Exchange (ASX) and the TSX Venture Exchange (TSXV).

Tom Eadie, Southern Cross Gold’s leader of the Independent Board Committee and Non-Executive Chairman states: *“There has been widespread support both in Australia and overseas for our proposal to simplify SXG’s corporate structure and to obtain a dual listing in Canada. The simpler, dual-listed structure will allow us to achieve the following core objectives: access to broader capital markets and institutional/private investors; elimination of a perceived major shareholder overhang; and attract an expected lower cost of equity capital which will allow the Sunday Creek Project to continue its path to development. I strongly believe that our proposal is in all SXG shareholders’ interests in the short, medium and long term.*

“Over the past two months, SXG and Mawson have been considering ways to achieve these core objectives to benefit all current SXG shareholders, whether big or small, in Australia or overseas. The single best solution is an Australian Scheme of Arrangement, the terms of which have been agreed in-principle by SXG and Mawson in the NBTS.

“Key points of the in-principle agreement are:

- 1. Mawson to divest all assets other than its SXG shares and to reduce its number of shares to the number of shares that it owns in SXG;*
- 2. MAW to list on the ASX, and have its shares quoted in CHESS Depositary Interest (CDI) form. Mawson to change its name to Southern Cross Gold Ltd;*
- 3. Mawson to purchase all SXG shares that it does not own by way of a Scheme of Arrangement, and (if approved) will issue shares in Australia (i.e. in CDI form to trade on ASX) or Canada (at shareholder’s choice) on a 1 for 1 basis, which would give SXG’s current shareholders approximately 50.4% ownership of Mawson on completion. Our target is that trading between SXG shares and new Mawson shares or CDIs will be seamless with minimal interruption in trading and Australian shareholders will benefit from tax rollover relief rules.*
- 4. The current Australian Board and Management Team of SXG to lead and run the new merged group, Southern Cross Gold Ltd;*
- 5. SXG shareholders to vote on the Scheme of Arrangement summarised above. Mawson shareholders to also vote on aspects of the transaction;*
- 6. The process is expected to take approximately three to four months during and after which time SXG shares will trade normally with minimal to no interruptions.*

“More details of the proposed Scheme of Arrangement and its implementation are listed further along in this release.”

SOUTHERN CROSS GOLD LTD

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Issued Capital: 184.0M fully paid shares

This merger, aimed at consolidating ownership and establishing a single dual-listed company structure for the Sunday Creek gold-antimony asset, has been chosen for operational, corporate and international tax efficiency and the benefits it offers to all shareholders of both SXG and Mawson. To achieve the goal of building the Sunday Creek asset SXG will need to continue to lower the cost of equity capital. This transaction is a foundation step in this direction by simplifying the SXG ownership structure, dual listing that allows access to Australian and North American capital markets, unlocking a structure that is both investable by institutional shareholders and places all shareholders on the same level.

SXG's overarching objective is to maximise value per share and aim to develop the highest cashflow margin gold mine globally, while prioritising environmental sustainability and stakeholder interests in all our communities. To realise this vision, SXG will concentrate on three key areas:

- **Grade:** Enhancing drill density in existing high-grade zones to demonstrate continuity and increase high-grade ounces.
- **Volume:** Expanding mineralisation along the current focus 1.2 km strike from Christina to Apollo down to and below 1km depth.
- **District Scale:** Intensifying exploration efforts across the region, focusing on strike extensions and parallel trends within the 10km strike featuring historical workings, early-stage drill discoveries, and highly anomalous soil sampling data.

Specifically, the immediate benefits to SXG shareholders include:

- **Simplification of Structure:** SXG anticipates immediate benefits for its shareholders through a more transparent and institutional-investible structure. The Company believes this will lead to a potential revaluation of the asset, reducing the cost of capital to advance the Sunday Creek asset to become one of the highest cash margin gold assets globally.
- **Enhanced Access to Capital Markets:** The continued listing of Mawson's shares on the TSX Venture Exchange (TSXV) offers expanded access to the significant North American capital markets, which have greatly benefited from the wealth generated from the rebirth of the Victorian goldfields in Australia. With approximately 70% of SXG's shareholder base situated offshore, the dual listing will enable both Australian and North American investors to participate in the exciting SXG growth and high-grade gold story, as the Company continues to grow towards its goal of becoming one of the world's highest cashflow margin gold assets.
- **Institutional Support:** The merger aims to transition SXG's shareholder base to a more institutionally dominated and supportive register, with an immediate shift from the 16% ownership in SXG (excluding Mawson) to >50% of high net worth and institutional shareholders in the combined group. Mawson brings both a high-quality register with a significant overlap of current SXG shareholders and access to further high quality global and supportive North American and European institutional shareholders. Notably, major shareholders of both SXG and Mawson, such as Pierre Lassonde, Darren Morcombe, and Konwave AG, are supportive of the merger.
- **Resolution of Major Shareholder Overhang:** The merger will address the perceived major shareholder overhang, improving market sentiment.
- **Cost Reduction and Share Fungibility:** Consolidating two separate companies with two listings will lead to cost savings, while allowing for the fungibility of shares between the North American and Australian stock exchanges, benefiting all shareholders.
- **Management and Board Continuity:** The combined group will be led by the current successful Australian management team and Board of Southern Cross, ensuring continuity and leveraging their expertise. The combined company will be led by Mr. Tom Eadie as Non-Executive Chairman and Mr. Michael Hudson as President & CEO.



Southern Cross Gold's Managing Director, Michael Hudson, states, *"Given my fiduciary responsibilities across both Mawson and SXG, I have relied on the highly competent independent directors and independent special committees to finalise merger terms to achieve a long-desired aim to simply consolidate the ownership of Sunday Creek in a dual listed structure.*

"Now with the NBTS signed, we can move forward with an internationally tax-effective and clear plan that is in the best interests of all shareholders. The Special Committees have taken logical and clear steps for a mutually beneficial transaction aimed at reducing the cost of capital for future development of the globally significant Sunday Creek gold-antimony discovery.

"The strategic merger will unlock value in the consolidation of ownership and dual listing of the Sunday Creek asset. I am very excited to have the opportunity to lead the combined group as President & CEO, a company that will further become recognised as a growth and high-grade gold story across both the Australian and North American markets."

Terms of the Proposed Transaction

In conjunction with mutual due diligence, the Parties will in good faith negotiate a Scheme Implementation Agreement (SIA) over the coming weeks, to implement the scheme of arrangement and ASX listing (the Proposed Transaction). Following that, SXG will prepare a Scheme Booklet for its shareholders, comprising the Notice of Meeting, Explanatory Statement, and Independent Expert's Report (IER). Special independent board committees have been formed for both companies to negotiate the terms of the merger.

Capital Structure

Under the terms of the NBTS, should the Proposed Transaction be implemented and prior to the transaction becoming effective, Mawson will consolidate the number of Mawson Shares on issue (305,045,320) to be equal to the number of SXG Shares (96,590,910) that it currently owns (subject to rounding). Under the Transaction Mawson will then offer to purchase SXG Shares on the basis of a 1:1 exchange ratio for new Mawson Shares, so that current holders of SXG (other than Mawson) will own approximately 50.4% of issued combined company shares following completion of the Transaction.

SXG shareholders, via the Scheme of Arrangement, will exchange one fully paid ordinary SXG share for one post consolidation Mawson common share (either in the form of CHES Depositary Interests (CDIs) or, if a shareholder elects, Mawson common shares) such that at the completion of the proposed merger existing SXG shareholders will hold approximately 50.4% of the issued capital of Mawson. SXG will become a wholly owned subsidiary of Mawson as a result.

Therefore, the issued capital of the consolidated company at the completion of the proposed merger will be approximately 194.9 million shares, mirroring the same capital structure of SXG today.

Based on high-level tax advice received by the Company, Australian tax resident SXG shareholders should be eligible for Subdivision 124-M rollover relief on the scrip-for-scrip exchange. Foreign tax resident SXG shareholders should not generally be subject to Australian CGT on the scrip-for-scrip exchange and should consider their own tax position where they are resident for tax purposes.

Dual Listing

Mawson will be renamed Southern Cross Gold Ltd and will apply for listing on the ASX through the admission to quotation of the CDIs (which will be subject to the ASX listing and admission process). Once the transaction is complete, it is anticipated that the new Southern Cross Gold Ltd will trade on both the TSXV and the ASX.

Promptly after execution of Scheme Implementation Agreement (SIA) to implement the Transaction, Mawson and SXG will prepare and submit an ASX listing application for Mawson and the combined group on an assumed post-completion basis, together with ancillary documents and applications (such as an application for in-principle advice on suitability for listing, details of the terms of Mawson Shares and CDIs, pro forma combined financial statements, and other materials required by ASX). SXG and its advisers will take the

lead in preparing the content of the in-principle advice application to ASX, the formal listing application, and ancillary submissions and applications.

Experienced Australian Team

Following completion of the Transaction, the Board of Mawson will be reconstituted so that it comprises the current members of the SXG Board of directors (Tom Eadie as Non-Executive Chairman, Georgina Carnegie and David Henstridge as Non-executive Directors and Michael Hudson as Managing Director). An additional director may be drawn from the current Mawson Board of directors. Management of the combined company will mimic the current management of Southern Cross led by Michael Hudson as President & CEO, Lisa Gibbons as General Manager and Kenneth Bush as Exploration Manager.

Mawson Spin-Off

Immediately prior to or concurrently with completion of the Transaction, Mawson intends to either:

- distribute Euro Canna Holdings Ltd. (“Euro Canna”) common shares to the Mawson shareholders (the “Spinout Transaction”); or
- sell Euro Canna or its assets to an arm’s length third party and distribute the proceeds to the Mawson shareholders (the “Sale Transaction” and together with the Spinout Transaction, the “Euro Canna Transaction”).
- the Euro Canna Projects host the majority of Sweden’s conventional hard rock historic uranium resources.

Approvals and Timing

The Proposed Transaction is subject to a range of conditions, including, but not limited to, approval by SXG and Mawson shareholders, court approval and regulatory approvals as well as SXG and Mawson entering into a SIA relating to the Proposed Transaction containing terms and conditions, including representations and warranties customary non-solicitation covenants, board support and fiduciary-out provisions all customary for transactions of this nature.

An indicative timetable after signing an SIA for a scheme of arrangement, which assumes that the scheme is successful, that there is no rival bidder and there are no regulatory actions that will affect timing, is approximately 3 to 4 months.

SXG will require the usual shareholder approvals to implement a scheme of arrangement as required by the Corporations Act, being both:

- a 75% vote by number of SXG Shares voted, and
- a majority in number of the SXG shareholders who vote.

Mawson and its associates will not be entitled to vote on the scheme.

Mawson will require:

- shareholder and TSXV approval to implement the changes to the Mawson Board of the resulting entity, as required by the policies of the TSXV being a simple majority in the number of Mawson shares voted;
- TSXV approval on the Consolidation; and
- shareholder and TSXV approval to implement the Spinout Transaction, if applicable, as required under the Business Corporations Act (British Columbia) being a 66⅔% vote by the number of Mawson Shares voted. The Euro Canna Transaction is also expected to be subject to certain conditions customary for this type of transaction including, but not limited to, regulatory and court approvals in British Columbia.

About Sunday Creek

The Sunday Creek epizonal-style gold project is located 60 km north of Melbourne within 19,365 hectares of granted exploration tenements. SXG is also the freehold landholder of 133.29 hectares that form the key portion in and around the main drilled area at the Sunday Creek Project.

Gold and antimony form in a relay of vein sets that cut across a steeply dipping zone of intensely altered rocks (the “host”). When observed from above, the host resembles the side rails of a ladder, where the sub-vertical mineralised vein sets are the rungs that extend from surface to depth. At Apollo and Rising Sun these individual ‘rungs’ have been defined over 600 m depth extent from surface to 1000 m below surface, are 2 m to 30 m wide, and are 20 m to 100 m in strike.

Our systematic drill program is strategically targeting these significant vein formations. Initially these have been defined over 1,350 m strike of the host from Christina to Apollo prospects, of which approximately 620 m has been more intensively drill tested (Rising Sun to Apollo). At least 47 ‘rungs’ have been discovered to date, defined by high-grade intercepts (up to >7,000 g/t Au) along with lower grade edges. Ongoing step-out drilling is aiming to uncover the potential extent of this mineralised system.

Geologically, the project is located within the Melbourne Structural Zone in the Lachlan Fold Belt. The regional host to the Sunday Creek mineralisation is an interbedded turbidite sequence of siltstones and minor sandstones metamorphosed to sub-greenschist facies and folded into a set of open north-west trending folds.

About Mawson Gold Ltd

In May 2022 Mawson spun-off its Australian assets via an IPO of SXG onto the ASX. Mawson currently holds 49.57% (96,590,910) of SXG’s shares (194,863,187) on issue.

Further Information

An interview on the proposed merger with Non-Executive Chairman Tom Eadie and Managing Director Michael Hudson can be viewed at www.southerncrossgold.com.au.

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This announcement has been approved for release by the Board of Southern Cross Gold Ltd.

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