

## **CASSOWARY CAPITAL CORPORATION LIMITED**

### **CASSOWARY CAPITAL CORPORATION LIMITED EXECUTES DEFINITIVE SHARE EXCHANGE AGREEMENT FOR PROPOSED QUALIFYING TRANSACTION AND INCREASES SIZE OF CONCURRENT PRIVATE PLACEMENT FINANCING**

*For Immediate Release*

**Calgary, Alberta**

**July 17, 2020**

**Cassowary Capital Corporation Limited** (TSXV – BIRD.P) (“**BIRD**” or the “**Company**”) is pleased to announce that it has entered into a binding definitive share exchange agreement dated effective July 14, 2020 (the “**Definitive Agreement**”) with Western Gold Exploration Limited (“**WGE**”) and the holders of a majority of the outstanding shares of WGE, to provide for the completion of a business combination with the Company (the “**Transaction**”), as more particularly described below. The Transaction was initially announced in a Company press release dated June 1, 2020, indicating the Company and WGE had entered into a binding letter of intent in respect 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. See “About WGE” below.

#### **Concurrent Private Placement Financing**

The Company is also pleased to announce that due to strong demand, it intends to increase the size of its recently announced concurrent non-brokered private placement (the “**Private Placement**”) to a maximum of CAD\$1,621,250 worth of subscription receipts of the Company (“**Subscription Receipts**”), in order to fill such demand. The Company announced in its June 19, 2020 press release that it proposed to undertake the Private Placement of Subscription Receipts at CAD\$0.15 per Subscription Receipt. Up to a minimum of 5,200,000 Subscription Receipts and a maximum of 10,808,333 Subscription Receipts of the Company may now be issued pursuant to the Private Placement. See the Company’s June 19, 2020 press release for additional information about the Private Placement and the Subscription Receipts.

#### **About the Resulting Issuer**

##### *Board of Directors and Management*

Upon the Completion of the Transaction, the proposed directors and officers of the Resulting Issuer are as follows:

Harry Dobson – Monaco - Executive Chairman – A mining industry veteran and pioneer, Mr. Dobson is currently the Executive Chairman of WGE, and is a founder of metals mining companies, Kirkland Lake Gold, Rupert Resources, Breakwater Resources, Rambler Metals, American Pacific Mines, and in the diamond industry, Mountain Province Diamonds and Lytton Minerals. He has extensive experience organizing and financing mines, including in unique jurisdictions and locations. Mr. Dobson is a former investment banker and senior partner of Yorkton Securities.

Ross McLellan – Scotland – Chief Executive Officer and Director – Mr. McLellan was involved in setting up Scotgold Resources Ltd., which subsequently listed on the ASX. He acted as a director of Scotgold Resources Ltd and Fynegold Exploration Ltd. for 10 years. Mr. McLellan has over 30 years background in financial services and currently runs all daily activity of WGE.

Willie McLucas – Scotland - Director – Mr. McLucas is a long time mining financier with extensive global experience in exploration, development and production of not only gold and base metals, but also coal, iron ore and specialty metals such as Tungsten and Molybdenum. He previously acted as Chief Executive of Waverley Mining Finance plc and Thistle Mining Inc. and as a director of Amur Minerals Plc, Longview Capital Partners, Republic Gold Ltd. and Oriental Minerals Inc.

Stuart Olley – Calgary, Canada - Director – Mr. Olley is a senior partner of Gowling WLG (Canada) LLP and Co-leader of the Natural Resources Group. He has extensive experience, domestically and internationally, working with a variety of issuers and underwriters in transactions in industries including mining, oil and gas, real estate and technology. Mr. Olley has served on the board of directors of various public companies. Mr. Olley is currently the Chief Executive Officer and a director of BIRD.

Jim O'Neill – Ontario, Canada - Chief Financial Officer and Corporate Secretary – Mr. O'Neill, a Chartered Accountant with over 30 years of industry experience, brings a depth of knowledge from various international mining, project management and distribution companies. Has acted as Chief Financial Officer for Virtus Mining Ltd., Aldridge Minerals Inc. and Royal Coal Corp.

#### *Other Insiders of the Resulting Issuer*

Assuming the Company completes the aforementioned Private Placement, and assuming that financing totals the CAD\$1,621,250 maximum, then it is expected that (i) current shareholder of both BIRD and WGE, Zila Corporation of Monaco (controlled indirectly by Val Huxley of Monaco) (“Zila”) is expected to hold approximately 14% of the outstanding common shares of the Resulting Issuer, and (ii) the combined holdings of Mr. Rupert Williams and Mr. Jeremy Woodgate, and the company they control Smaller Company Capital Ltd. (which is a shareholder of both BIRD and WGE) (the “**SCC Group**”), is expected to be approximately 11% of the outstanding common shares of the Resulting Issuer.

#### **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 188 km<sup>2</sup>, 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.

As at March 31, 2020 (unaudited, as provided by WGE), WGE had assets of £454,908.40 (CAD\$616,082.44) and liabilities of £50,000 (CAD\$67,715). As at July 15, 2020, WGE had estimated working capital of £400,000 (CAD\$541,720) (unaudited, as provided by WGE), which includes £600,500 (CAD\$813,257) in additional subscription funds which were allocated on May 7, 2020. For the year ended 2019 (unaudited, as provided by WGE), WGE had no revenue, operating expenses of £128,217 (CAD\$173,644) and a net loss for the year of £75,407 (CAD\$102,123).

The only shareholder of WGE that is expected to hold a controlling interest in WGE prior to closing of the Transaction is Zila, which is expected to be holding approximately 22% of the outstanding shares of WGE prior to closing of the Transaction.

#### **The Transaction**

Pursuant to the terms of the Definitive Agreement, BIRD will acquire all of the issued and outstanding shares of WGE (which will be 199,676,875 shares immediately prior to the closing of the Transaction) 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. See the Company's June 1, 2020 press release for information regarding the valuation of the Transaction.

The Transaction is intended to constitute the “Qualifying Transaction” of BIRD, as such term is defined in Policy 2.4 of the Exchange, and will result in a reverse takeover of BIRD.

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

- (i) the parties preparing an information circular in accordance with the rules of the Exchange, outlining the terms of the Transaction;
- (ii) the parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third party approvals and authorizations;
- (iii) each of BIRD and WGE obtaining the requisite shareholder approvals for the Transaction;
- (iv) the parties obtaining requisite board approvals for the Transaction;
- (v) 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;
- (vi) completion of the Private Placement; and
- (vii) 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.

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.

### **Proposed Consolidation**

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.

### **Proposed 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.

### **Related Party Transaction and Shareholder Approval**

The SCC Group holds more than 10% of the issued and outstanding shares of each of BIRD and WGE and as a result, the Transaction will not constitute a “Non-Arm’s Length Qualifying Transaction” (as such term is defined by the Exchange) and will instead 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, the Consolidation and the proposed name change.

### **Trading Halt**

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

#### **Further Information**

BIRD will issue additional news releases related to the Transaction, the Private Placement and other material information as it becomes available.

For further information, please contact:

**Stuart Olley**  
**Chief Executive Officer and Director**  
Cassowary Capital Corporation Limited  
stuartolley@outlook.com  
403 618 4900

*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.**

This press release is not an offer of the Company's securities for sale in the United States. The Company's securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable U.S. state securities laws. The Company will not make any public offering of its securities in the United States. The Company's securities have not been and will not be registered under the U.S. Securities Act.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**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 Private Placement; 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 and the resumption in trading of the common shares of the Resulting Issuer; the Resulting Issuer's future business operations and results. 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.*

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