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ASX Announcement
13 February 2023

Merger of Pantoro and Tulla Resources and Pantoro Capital Raising

Pantoro Limited (**ASX:PNR**) (**Pantoro** or **Company**) and Tulla Resources Plc (**ASX:TUL**) (**Tulla**) are pleased to announce that they have entered into a binding merger implementation deed (**Merger Implementation Deed**) for an all scrip merger of Tulla and Pantoro via scheme of arrangement under the Companies Act 2006 (UK), under which Pantoro will acquire Tulla and consolidate 100% ownership and control of the Norseman Gold Project (**Merger**).

The Merger consolidates 100% ownership of the Norseman battery and base metals mineral rights.

The Merger will create a new mid-cap ASX-listed gold company with target production of 110,000 oz per annum, a Mineral Resource of 4.79 Moz and an Ore Reserve of 0.98 Moz[1] and, given the scale of the Norseman project, significant potential to grow the resource base and production profile through greenfields and brownfields exploration.

The Merger, before the impact of the Pantoro capital raising (refer below), will result in Pantoro's shareholders owning in aggregate 51.5% and Tulla's shareholders owning in aggregate 48.5% of Pantoro's ordinary shares . The Merger is subject to the satisfaction or waiver of the conditions detailed in this announcement.

The Merger is unanimously recommended by the Boards of Tulla and Pantoro, in the absence of a superior proposal, as well as by Tulla's majority 54.9% shareholder, Tulla Resources Group Pty Limited (TRG), (controlled by the Maloney family), who has provided irrevocable voting support for the Merger, in the absence of a superior proposal. Each director of Tulla will vote, or procure the voting of, any Tulla shares they control in favour of the Merger, in each case in the absence of a superior proposal.

In support of the Merger, Pantoro is launching a two-tranche institutional placement of new fully paid ordinary shares in the Company (Placement Shares) to sophisticated and professional investors to raise A$75 million (before costs) (Placement). Placement Shares will be issued at a price of A$0.06 per Placement Share. Proceeds from the Placement, together with existing cash, will be applied to support the final stages of ramp-up of the Norseman Gold Project, invest in exploration and Ore Reserve growth, provide appropriate ongoing liquidity and working capital, for debt management and to pay transaction costs. Refer to Source and Uses of Funds in the Presentation released today for further information.

Pantoro Managing Director, Paul Cmrlec, commented:

> "Consolidating the Norseman Gold Project into a single entity is a logical step for all parties to maximise value as the project ramps up to reach its full potential as a premier gold asset in Western Australia.
>
> While Norseman has experienced delays and challenges in its ramp-up, key operational and management changes made late in 2022 are now yielding positive results, with productivity and throughput increasing month on month and process plant ramp-up now virtually complete to nameplate capacity.
>
> The equity raising ensures that the combined group is well funded through the initial phases of production and enables the reduction of the consolidated debt position of the Company during this critical phase.
>
> We look forward to working with our proposed new board members and thank our proposed outgoing directors for the dedicated service and guidance to management of the company through the very challenging environment of the past 3 years in particular."

[1] Refer PNR Annual Mineral Resource and Ore Reserve Statement, dated 26 September 2022.
[2] Pro-forma, excluding Pantoro ordinary shares issued pursuant to the Placement and excluding the impact of any Pantoro option conversion, but after the conversion of approximately 16.1m zero exercise price options to be issued to Directors and executives of Tulla prior to the Merger scheme record date. The issue of options to Directors is subject to Tulla shareholder approval.
[3] And its associated entities.

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Tulla Executive Director, Mark Maloney, commented:

> "Consolidating ownership of the Norseman gold asset and battery metals will deliver significant value for the shareholders of both companies, providing a simplified structure and delivering operational and corporate efficiencies.
>
> Tulla shareholders will realise the upside of their investment in a significant mid-tier Australian gold producer, with a large, high-grade operation of very substantial value while maintaining 100% ownership of the industrial mineral rights at Norseman.
>
> I look forward to serving on the new Board and working with our former joint venture partner to maximise future value for all shareholders."

Merger Rationale and Highlights

Pantoro and Tulla believe that there is strong strategic logic in the consolidation of Norseman. The Merger will create a new mid-cap ASX-listed gold company with target production of 110,000 oz per annum, a Mineral Resource of 4.79 Moz and an Ore Reserve of 0.98 Moz[4] and, given the scale of the Norseman project, significant potential to grow the resource base through greenfields and brownfields exploration.

The Norseman battery and base metals mineral rights includes the valuable lithium and nickel mineralisation in the Norseman project, which are planned to be combined into a separate Battery Metals business. Currently the Norseman lithium mineral rights are subject to a farm-in arrangement with Mineral Resources Ltd (ASX: MIN). The new Pantoro Board intends to investigate, and if appropriate, progress the spin-out of the Battery Metals business at the appropriate time.

The Merger and Placement are expected to deliver the following significant benefits:

1. Logical consolidation of 100% ownership and control of the Norseman Gold Project, creating a simplified structure expected to unlock efficiencies;
2. Enhanced liquidity and scale with a strong balance sheet and an intention to reduce debt to A$55 million post implementation of Merger, well positioned for growth[5] ;
3. Large high-grade Mineral Resource, 46.4Mt @ 3.2g/t for 4.79Moz Au[6], with strong exploration growth potential;
4. Domestically significant and competitive mid-tier gold producer with a large, high-grade operating targeting 110koz pa production;
5. Focused, experienced and aligned Board and management team; and
6. Pathway to realise value from non-gold assets.

Details of the Merger

Pantoro and Tulla have signed a binding Merger Implementation Deed for the recommended merger of Pantoro and Tulla via a Tulla scheme of arrangement under the Companies Act 2006 (UK) for 100% scrip consideration pursuant to which Pantoro will acquire 100% of the fully paid ordinary shares in Tulla.

The Merger, before the impact of the Placement, will result in Pantoro's shareholders owning, in aggregate, 51.5% and Tulla's shareholders owning, in aggregate, 48.5% of Pantoro's ordinary shares[7]. Assuming the Placement raises A$75 million (in total) at A$0.06 per Placement Share, following completion of the Placement and the implementation of the Merger, Pantoro's shareholders will own, in aggregate 37.8% and Tulla's shareholders will own 35.6% of Pantoro's ordinary shares.

As part of the Merger, Tulla shareholders will retain beneficial ownership of all Industrial Minerals[8].

[4] Refer PNR Annual Mineral Resource and Ore Reserve Statement, dated 26 September 2022.

[5] Pantoro's and Tulla's respective financiers are supportive of the rationale for the Merger and there is an intention to consolidate debt reduction to A$55m..

[6] Excluding Halls Creek.

[7] Pro-forma, excluding Pantoro ordinary shares issued pursuant to the Placement and excluding the impact of any Pantoro option conversion, but after the conversion of approximately 16.1m zero exercise price options to be issued to Directors and executives of Tulla prior to the Merger scheme record dateimplementation of the Scheme. The issue of options to Directors is subject to Tulla shareholder approval.(as previously approved by Tulla shareholders).

[8] Industrial Minerals, as defined in the Norseman Farm-in Joint Venture Agreement dated 14 May 2019 between Pantoro, Tulla and certain of their respective wholly owned subsidiaries, include gypsum, iron ore and associated iron (Fe) products, magnesium, manganese, phosphate, potash, rare earths, sands for construction purposes, pea gravel, nongold bearing quartz.

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Under the Merger, Tulla shareholders would receive:

- 4.96 Pantoro ordinary shares for each Tulla share they hold, which implies a 24.7% premium to the last closing price of Tulla shares or, 14.1% when accounting for the impact of the Placement[9]; and
- a proportionate number of shares in an unlisted Australian proprietary company that will hold the Industrial Minerals assets.

Pantoro's and Tulla's respective existing financiers have provided conditional consent to the Merger[10]. It is Pantoro's intention to consolidate and refinance existing facilities in the near term. Should Pantoro not refinance, existing financier consents will be required.

The Merger Implementation Deed includes reciprocal exclusivity arrangements (including "no-shop", "no-talk" and notification obligations) and reciprocal matching rights. The exclusivity arrangements are subject to customary exceptions in respect of the "no-talk" and "no due diligence" obligations.

A mutual break fee of A$1.3 million is payable in certain circumstances.

Under the terms of the Merger Implementation Deed, the Merger scheme will not become effective until the following conditions are satisfied or waived (in accordance with the terms of the Merger Implementation Deed):

- the demerger of the Industrial Mineral assets to Tulla shareholders expected to occur via a parallel scheme of arrangement;
- Tulla shareholder approvals (including Tulla shareholder approval of the Merger and demerger of the Industrial Minerals assets);
- Pantoro undertaking a refinancing of the existing debt facilities of all or part of the merged group or existing financiers' consent to implementation of the Merger and demerger of the Industrial Mineral assets; and
- other customary conditions standard for a public market transaction of this nature.

Full details of the terms and conditions of the Merger are set out in the Merger Implementation Deed, a copy of which has been released to the ASX.

Board and Tulla Majority Shareholder Support

The Tulla and Pantoro Boards each unanimously recommend the Merger in the absence of a superior proposal.

Tulla's majority shareholder TRG, controlled by the Maloney family, which represents approximately 54.9% of Tulla's shares currently on issue, has provided irrevocable voting support for the Merger, in the absence of a superior proposal.

Proposed Pantoro Board and Management

Following implementation of the Merger Pantoro, will establish a new Board:

- comprising 7 Directors following the appointment of a new independent chair, with 3 directors appointed by each of Tulla and Pantoro, combining the skills and experience of both companies for the benefit of all shareholders
- Wayne Zekulich will act as interim independent Chairperson with a commitment to appoint a new Independent Chairperson after which Mr Zekulich will be an independent Non-Executive Director
- Paul Cmrlec will continue as Managing Director
- Fiona Van Maanen will continue as Independent Non-Executive Director
- Tulla Executive Chairman Kevin Maloney, and Executive Director Mark Maloney will be Non-Executive Directors
- Tulla Mining Consultant Colin McIntyre will be an Independent Non-Executive Director
- Kyle Edwards and Scott Huffadine will retire from Pantoro's Board. Scott Huffadine will continue as COO of the merged group with all other duties and responsibilities of his current role retained
- Pantoro's experienced senior management team will continue following the Merger.

[9] Based on the closing price of Tulla and Pantoro shares on 10 February 2023 (being A$0.35 and A$0.088 respectively), and a capital raising size of A$75 million

[10] Financiers have consented to and granted all required waivers under their respective facilities to permit Pantoro and Tulla to commence the Merger process (including demerger of the Industrial Mineral assets). Pantoro has undertaken to obtain refinance. Should Pantoro not refinance existing financier consents will be required.

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Pantoro Placement Details

Pantoro is undertaking a two tranche Placement of 1,250 million Placement Shares to raise a total of A$75 million (before costs). Placement Shares will be issued at an offer price of A$0.06 per Placement Share, which represents a:

- 31.8% discount to the last trade price of A$0.088 on 10 February 2023; and
- 32.8% discount to the 5-day VWAP of A$0.0893 as at 10 February 2023.

Placement Shares will be issued under the Placement in two tranches, with 266,823,085 Placement Shares to be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1 (Tranche 1). In addition, 983,167,915 Placement Shares subject to Pantoro shareholder approval at the Company's General Meeting to be held on or around 24 March 2023 (Tranche 2).

Shares to be issued under Tranche 1 of the Placement are expected to settle on 21 February 2023, and allot on 22 February 2023, with shares to be issued under Tranche 2 of the Placement to settle shortly following the General Meeting.

The Placement is not conditional on the implementation of the Merger and both Tranche 1 and Tranche 2 of the Placement are expected to settle and allot before the Merger is implemented.

Petra Capital Pty Limited and Euroz Hartleys Limited are acting as Joint Lead Managers & Joint Bookrunners for the Placement.

Sources and Uses of the Placement Funds

Sources of Funds	A$m	Uses of Funds	A$m
Capital raising (before costs) – Tranche 1	16	Norseman ramp up and project working capital	40
Capital raising (before costs) – Tranche 2	59	Exploration and reserve growth	5
		Debt management	13
		Corporate working capital	7
		Transaction costs (Placement and Merger	10
Total	**75**	**Total**	**75**

A$45m of the Placement proceeds will be deposited into the Norseman JV account for project development and working capital. Pantoro has agreed utilise these funds to provide for 100% of the net capital contributions for both Pantoro and Tulla.

If the Merger Implementation Deed is terminated:

- in circumstances where Pantoro may terminate on the basis of having received a superior offer, 48.5%[11] of the funds raised under the Placement (net of broker fees and certain working capital amounts) is required to be repaid by Tulla within 180 days of termination and, to the extent that Tulla elects not to repay any portion of the funds raised, such portion will be converted into equity in Tulla at the implied offer price of A$0.436 per CDI (representing up to approximately 24.7% ownership of Tulla.[12]) subject to Tulla shareholder approval to the extent required under ASX Listing Rule 7.1;
- in circumstances that require Tulla to pay the break fee, Tulla is required to repay its 50% share of the Norseman JV account advance (plus certain working capital amounts) within 90 days;
- in circumstances where Tulla is not required to pay the break fee, Tulla is required to repay its 50% share of the Norseman JV account advance (plus certain working capital amounts) within 180 days.

In the event the Merger is not implemented, Pantoro will utilise A$22.5m of the Placement proceeds for its share of project development and working capital at the Norseman Gold Project, and an additional A$5.0m of costs not incurred for debt management and transaction costs (total of A$27.5m) will be used to repay existing financing facilities for Pantoro parent company (total of A$18.8m), with the remaining being allocated to working capital (total A$8.7m. Where relevant, reduced in proportion to the extent Tulla CDI's are issued to Pantoro and funds are not repaid.

[11] Or a lesser amount determined in accordance with clause 5.13(c)(1)(A) of the Merger Implementation Deed.

[12] Pro-forma, excluding Pantoro ordinary shares issued pursuant to the Placement and excluding the impact of any Pantoro option conversion, but after the conversion of approximately 16.1m zero exercise price options to be issued to Directors and executives of Tulla prior to the Merger scheme record date. The issue of options to Directors is subject to Tulla shareholder approval.

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Indicative Timetable

	Date*
Merger Implementation Deed Agreed	13 February 2023
Trading Halt	13 February 2023
Placement bookbuild opens	13 February 2023
Trading halt lifted and announcement of completion of Placement	14 February 2023
Settlement of New Shares under Placement Tranche 1	21 February 2023
Allotment New Shares under Placement Tranche 1	22 February 2023
General Meeting for approval of Placement Tranche 2	24 March 2023
Settlement of New Shares under Placement Tranche 2	29 March 2023
Allotment of New Shares under Placement Tranche 2	30 March 2023
Merger Implementation Date	Pre 30 June 2023

* All times referenced are to Perth time, Australia unless denoted otherwise. This timetable is indicative only and the Company may, at its discretion, vary any of the above dates, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth) and other applicable laws. The commencement of trading and quotation of Placement Shares is subject to ASX confirmation.

Advisers

Pantoro's financial adviser is amicaa Advisors and its legal adviser is DLA Piper.

Tulla's financial adviser is Azure Capital and its legal adviser is Herbert Smith Freehills and Shakespeare Martineau (UK).

Additional Information

Additional information in relation to the Merger, Placement and the Company can be found in the Investor Presentation released to the ASX simultaneously with this announcement, which contains important information, including key risks.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision. All amounts are in Australian dollars unless otherwise indicated.

An Appendix 3B for the proposed issue of Placement Shares will follow this announcement.

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This announcement was authorised for release by Paul Cmrlec, Managing Director.

This announcement, as it relates to Tulla, was authorised for release by Mark Maloney, Executive Director.

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About the Norseman Project

Pantoro Limited announced the acquisition of 50% of the Norseman Gold Project in May 2019 and completion occurred on 9 July 2019. Pantoro is the manager of the unincorporated joint venture, and is responsible for defining and implementing work programs, and the day to day management of the operation. Pantoro's interest in the Norseman Gold Project is secured through industry standard security arrangements over the entire project tenure.

The project is serviced by first class infrastructure at the project, local shire, and national infrastructure levels. A brand new processing facility has been constructed with practical completion achieved on 5 September 2022 and first gold poured on 13 October 2022. Mining is underway at both the Scotia Mining Centre and OK Underground Mine with significant ore stocks available for processing on the ROM.

The current Mineral Resource is 4.8 million ounces of gold with an Ore Reserve of 973,000 ounces.

The Norseman Gold Project is located in the Eastern Goldfields of Western Australia, at the southern end of the highly productive Norseman-Wiluna greenstone belt. The project lies approximately 725 km east of Perth, 200 km south of Kalgoorlie, and 200 km north of Esperance.

Many of the Mineral Resources defined to date remain open along strike and at depth, and many of the Mineral Resources have only been tested to shallow depths. In addition, there are numerous anomalies and mineralisation occurrences which are yet to be tested adequately to be placed into Mineral Resources, with a number of highly prospective targets already identified.

The project comprises a number of near-contiguous mining tenements, most of which are pre-1994 Mining Leases. The tenure includes approximately 70 lineal kilometres of the highly prospective Norseman – Wiluna greenstone belt covering approximately 800 square kilometres.

Historically, the Norseman Gold Project areas have produced over 5.5 million ounces of gold since operations began in 1935, and is one of, if not the highest grade fields within the Yilgarn Craton.

About Pantoro Limited

Pantoro is an Australian gold producer with its 100% owned Halls Creek Gold Project in the Kimberley Region of Western Australia and its 50% owned Norseman Gold Project acquired in July 2019.

The Halls Creek Project was developed by Pantoro during 2015, with the first gold pour completed during the same year. The project includes underground and open pit mining, and a modern CIP processing facility. Pantoro owns the only commercial scale gold processing facility in the Kimberley Region of Western Australia, with the closest plant approximately 300 km to the south. The Halls Creek Project includes the highly prospective Lamboo Nickel-PGE Project.

About Tulla Resources Plc

Tulla Resources is a diversified Resources House whose primary asset is its 50% interest in the flagship Norseman Gold Project which is now in production with mining underway at the Scotia and Green Lantern open cut pits and underground at the OK Mine.

The Norseman Gold Project also provides an excellent opportunity for exploration and future production growth as demonstrated by the excellent results from the recent exploration program centred on the Scotia Mining Centre.

Tulla Resources has an experienced and well credentialed Board. The Company has a strategy of developing and acquiring other resource assets to provide commodity and geographical diversity.

The Company has entered into a joint venture agreement with a subsidiary of Mineral Resources Limited (ASX: MIN) and its JV partner, Pantoro in respect to the lithium deposits at Norseman.

In respect to its 100% iron ore asset at Norseman, in June 2022 Tulla Resources entered into an Offtake and Funding Agreement with Constance Iron Limited (formerly Koch Metals Limited) which is subject to the condition precedent of Constance Iron Limited being admitted to the London Stock Exchange.

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ASX Listing Rule 5.23 Mineral Resources & Ore Reserves.

This announcement contains estimates of Pantoro's ore reserves and mineral resources, as well as estimates of the Norseman Gold Projects ore reserves and mineral resources. Pantoro and Tulla are participants in a 50:50 joint venture that owns the assets and operations of the Norseman Gold Project. The information in this presentation that relates to the ore reserves and mineral resources of Pantoro has been extracted from reports entitled 'Annual Mineral Resource & Ore Reserve Statement' announced on 26 September 2022 and is available to view on the Company's website (www.pantoro.com.au) and www.asx.com (Pantoro Announcement).

For the purposes of ASX Listing Rule 5.23, Pantoro confirms that it is not aware of any new information or data that materially affects the information included in the Pantoro Announcement and, in relation to the estimates of Pantoro's ore reserves and mineral resources, that all material assumptions and technical parameters underpinning the estimates in the Pantoro Announcement continue to apply and have not materially changed. Pantoro confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

ASX Listing Rule 5.19 Production Targets.

The information in this announcement that relates to production targets of Pantoro has been extracted from reports entitled 'DFS for the Norseman Gold Poject' announced on 26 October 2020 and 'Annual Mineral Resource & Ore Reserve Statement' announced on 26 September 2022 and are available to view on the Company's website (www.pantoro.com.au) and www.asx.com (Pantoro Production Announcements)

For the purposes of ASX Listing Rule 5.19, Pantoro confirms that all material assumptions underpinning the production target, or the forecast financial information derived from the production target, in the Pantoro Production Announcements continue to apply and have not materially changed.

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This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

Forward Looking Statements

Certain statements in this report relate to the future, including forward looking statements relating to Pantoro's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Pantoro to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than required by law, neither Pantoro, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur. You are cautioned not to place undue reliance on those statements.

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