

## MEDIA RELEASE

Austral Gold Limited

6 April 2023

# Austral Gold Signs LOI to Option its Calvario-Mirador Copper Projects to Colossus Resources

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## HIGHLIGHTS

- Letter of intent (LOI) to grant an option to Colossus Resources (TSXV:CLUS) to purchase Austral's Chilean Calvario and Mirador copper projects, previously acquired through the takeover of Revelo Resources Corp (TSXV:RVL) in 2021<sup>1</sup>.
- Up-front cash payment of US\$100,000 for exclusivity.
- Option consideration is mainly comprised of (i) a US\$2.5 million work commitment over a two-year period, and (ii) 19.9% shareholding in Colossus (non-diluted basis) upon signing the definitive agreement, plus one million Colossus options at an exercise price of C\$0.50 and anti-dilution rights up to raising US\$3.8 million.
- An additional (contingent) payment consisting of 2 million Colossus common shares if Colossus prepares a pre-feasibility study.
- Austral would become the largest shareholder of Colossus.

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**Established gold producer Austral Gold Limited** (ASX: AGD; TSX-V: AGLD) ("**Austral**") has signed a letter of intent (LOI) with Colossus Resources Corp. (TSXV:CLUS) ("**Colossus**") pursuant to which Austral, together with its subsidiaries Revelo Resources Corp. and Minera Mena Chile Ltda. (collectively, the "**Austral Group**"), proposes to grant an option (the "**Option**") to Colossus to purchase the Austral Group's non-core Calvario and Mirador copper projects in northern Chile (collectively, the "**Projects**").

The Projects are early-stage copper exploration projects located approximately 80 km northeast of the coastal city of La Serena in the Coquimbo Region of central-northern Chile in South America, approximately 700 km from the Austral Group's Guanaco-Amancaya mine complex.

Grant of the Option is subject to conditions, including the negotiation and execution of a definitive agreement, the necessary approval of the transaction by the regulatory authorities, and certain undertakings from Colossus, including the requirement that Colossus complete an equity financing in which it raises net proceeds of at least US\$1.5M.

**Austral Gold's Chief Executive Officer, Stabro Kasaneva** said: "*We are focused on our core gold assets across production and exploration while seeking investment opportunities with third parties to develop our non-core projects. We expect to share the potential upside of two of our copper projects, Calvario and Mirador, through an equity interest in Colossus.*"

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<sup>1</sup> Refer to Media Release dated 4 February 2021 Austral Completes Acquisition of Revelo Resources

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## Highlights Of Consideration:

The LOI provides for the execution of a definitive agreement on or before May 30, 2023 (the “**Agreement Deadline**”) that would include:

- **WORK COMMITMENT:** US\$ 2.5 million in exploration expenditures on the Calvario and Mirador projects (Projects) over a period of two years, of which at least US\$1.5 million must be incurred in the first 18 months and inclusive of the US\$100,000 payment to the Austral Group on the execution date of the LOI.
- **SHARES:** Upon signing the definitive agreement, issuance from treasury of such number of Colossus shares equivalent to 19.9% shareholding in Colossus on a non-diluted basis. Colossus will agree to seek shareholder approval to the constitution of Austral as a ‘control person’ of Colossus.
- **OPTIONS:** One million options, each exercisable for one ordinary share of Colossus at an exercise price of C\$0.50 until the third anniversary of the date of the definitive agreement. The options can only be exercised to the extent Austral Group will not exceed voting power in Colossus of 19.9% unless and until Colossus obtains shareholder approval for the constitution of the Austral Group as a control person, and Colossus will agree to seek such approval.
- **CONTINGENT PAYMENT:** If a pre-feasibility study is prepared in respect of the Projects, Colossus shall issue to Austral Group 2 million common shares of Colossus, provided that if as a result of such issuance the percentage interest of the Austral Group would exceed 19.9% Colossus will seek the approval for the constitution of Austral Group as a control person and until such date the parties shall defer a portion of the share issuance such that they maintain the Austral Group’s percentage interest in Colossus at or below 19.9%.
- **ANTI-DILUTION RIGHTS AND PARTICIPATION RIGHTS:** Colossus will grant to the Austral Group an anti-dilution right so that Austral Group’s interest in Colossus remains at 19.9% through the raising of US\$ 3.8 million, inclusive of the US\$ 2.5 million exploration expenditures on the Projects above mentioned, as well as pre-emptive rights to participate, pro rata, in future financings of Colossus until the third anniversary of the closing date.
- **CASH:** US\$100,000 on executing the letter of intent as consideration for Austral granting Colossus the exclusive right to receive the Option until May 30, 2023. If the definitive agreement is not entered into by the parties by May 30, 2023, or such later date as is agreed upon by the parties, Austral Group has agreed to refund US\$ 37,500 to Colossus.
- **BOARD REPRESENTATION AND TECHNICAL COMMITTEE:** Austral is to have the right to appoint one person to the Colossus Board for as long as it holds at least ten percent (10%) of Colossus’s outstanding shares. Austral is also to have the right to appoint 2 out of 4 members of the Colossus Technical Committee.
- **ROYALTIES:** Austral is to retain its option to purchase half of the existing net smelter return royalties over base and precious metals in respect of the Calvario and Mirador projects.

The parties expect to enter into a definitive agreement and grant the Option on or before the

Agreement Deadline, at which time the Austral Group would become the largest individual shareholder of Colossus.

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### **About Colossus Resources Corp.**

Colossus Resources Corp. is listed on the TSX Venture Exchange (TSX-V: CLUS). For more information, please consult Colossus's website at [www.colossusresources.com](http://www.colossusresources.com).

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

**Release approved by the Chief Executive Officer of Austral Gold, Stabro Kasaneva.**

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### **Forward Looking Statements**

Statements in this news release that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this news release include those concerning the ability of the parties to negotiate and execute a definitive agreement to grant the Option, as well as the terms and conditions contained in that definitive agreement and timing thereof, the parties ability to obtain approval from the regulatory authorities including the TSX Venture stock exchange and the seeking of investment opportunities with third parties to develop non-core projects, the sharing of potential upside of Calvario and Mirador through the equity interest in Colossus and 2023 forecasted production of 34,000- 38,000 gold equivalent ounces, expected production level of 30,000-35,000 gold equivalent ounces per year over the next three to four years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years until 2033 per the 43-101 Technical Report on the Guanaco-Amancaya Operation, Antofagasta Region, Chile, dated 25 March, 2022, with an effective date of 31 December 2021.

All of these forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, uncertainty of exploration programs, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets especially in light of the effects of the novel coronavirus, uncertainty in the measurement of mineral resources and reserves and other risks and hazards related to the exploration of a mineral property, and the availability of capital. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Austral cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Austral's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Austral does not assume any obligation to

update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

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## About Austral Gold

**Austral Gold is a growing gold and silver mining producer building a portfolio of quality assets in the Americas.** Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

## OPERATIONS

- **Guanaco and Amancaya mines, Antofagasta Province, Chile** (100% interest)

Open pit and underground.

2022 Production: 27,686 gold equivalent ounces

2023 Forecast: 34,000-38,000 gold equivalent ounces

Recently extended the life of mine with an expected production level of 30,000-35,000 gold equivalent ounces per year over the next three to four years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years until 2033 per the 43-101 Technical Report on the Guanaco-Amancaya Operation, Antofagasta Region, Chile, dated 25 March, 2022, with an effective date of 31 December 2021.

- **Casposo/Manantiales Mine Complex, San Juan Province, Argentina** (100% interest)

Gold and silver mine currently in care and maintenance. Strategy is to restart profitable mining operations.

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## EXPLORATION

### CHILE

- Paleocene Belt, Chile
- Guanaco District
- Amancaya District
- Las Pampa District

### ARGENTINA

- Triassic Choiyoi Belt
  - Indio Belt
  - Deseado Massif
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## EQUITY INVESTMENTS

- Unico Silver Limited, an ASX listed company (19.9% interest)
- Rawhide Mine, private vehicle, Fallon, Nevada, USA (24% interest)
- Ensign Minerals Inc., private vehicle, Utah, USA (12% interest)
- Pampa Metals Corp, a CSE listed company (5.5% interest)