Troilus Announces Agreement for Strategic Sale of Non-Core Mike Lake Properties in Yukon to Prospector Metals; Retains ~20% Ownership Interest

written by Raj Shah | January 3, 2024

January 3, 2024 (Source) – Troilus Gold Corp. (TSX: TLG; OTCQX: CHXMF; FSE: CM5R) ("Troilus" or the "Company") announces it has entered into an agreement for the strategic divestiture of its non-core Mike Lake properties ("Mike Lake" or "Mike Lake Project") in Yukon, Canada, to Prospector Metals Corp. ("Prospector Metals"). This transaction will streamline Troilus' portfolio of properties, allowing it to focus entirely on the development of its flagship Troilus Gold Project in Quebec, while maintaining a stake in the potential success of Mike Lake under Prospector Metal's experienced leadership.

Pursuant to an agreement dated December 29, 2023, Prospector Metals has agreed to acquire the Mike Lake Project from Troilus for share consideration equal to 19.9% of Prospector Metals, in addition to a milestone payment, as detailed below. At closing, it is expected that Prospector Metals will issue to Troilus 8,638,433 post-consolidation common shares* ("Prospector Shares") at a deemed price of $0.11 per Prospector Share, under the terms of the agreement.

Troilus has filed an early warning report today in connection with the execution of an agreement to sell the Mike Lake Project to Prospector Metals and the acquisition of the Prospector Shares issuable on closing of the proposed transaction.

Prospector Shares are listed for trading on the TSX Venture Exchange. Troilus does not currently own any Prospector Metals shares.

Troilus advises that the securities are being acquired for investments purposes. Troilus may, depending on the market and other conditions, increase or decrease its beneficial ownership of Prospector Metals' securities, whether in the open market, by privately negotiated agreements or otherwise, subject to a number of factors, including general market conditions and other available investment and business opportunities.

This disclosure is provided pursuant to Multilateral Instrument 62-104, which also requires an early warning report to be filed containing additional information with respect to the foregoing matters. A copy of the early warning report will be available on SEDAR+ under Prospector Metals' issuer profile at www.sedarplus.ca and may be obtained upon request from Troilus by contacting Troilus at the contact information below. Prospector Metals' head office is located at Suite 1012 – 1030 West Georgia St., Vancouver, BC V6E 2Y3, Tel: 1-604-354-2491, email: info@prospectormetalscorp.com. Troilus' head office is located at 715 Square Victoria, Suite 705, Montreal, QC H2Y 2H7.

Prospector Metals, renowned for its district-scale exploration of gold and base metals, is spearheaded by CEO, Rob Carpenter. Mr. Carpenter has a successful track-record in the Yukon, demonstrated by his tenure as President and CEO of Kaminak Gold Corporation from 2005 to 2013 where he led the company through the acquisition, discovery and maiden resource of the 5-million-ounce Coffee Gold Project, located approximately 250 kilometres south-west of the Mike Lake claims. Kaminak Gold was subsequently acquired by Goldcorp Inc. in 2016 for $520 million.

Upon closing of the proposed transaction, Prospector Metals

intends to immediately commence exploration at Mike Lake to follow-up on the positive initial exploration work conducted intermittently from the mid-1970s to 2008, which shows promising signs of rich mineralization.

Details of the transaction:

- Troilus has agreed to sell its 100% interest in the Mike Lake Claims to Prospector Metals for the following consideration:
  - Consideration Shares: the issuance to Troilus of such number of Prospector Shares as is equal to 19.9% of the issued and outstanding Prospector Shares immediately following closing of the transaction, at the deemed issue price of $0.11 per Prospector Share; and
  - One-Time Milestone Payment: Upon the public announcement by Prospector Metals of a Mineral Resource on the Property (a “Milestone Trigger Event”), Prospector Metals shall, within 30 days of the Milestone Trigger Event, pay Troilus a one-time payment in the amount equal to the Milestone Payment Amount (as described below), in either cash or Prospector Shares (or a combination thereof), at the election of Prospector Metals. Provided that Prospector Metals shall not issue Prospector Shares to Troilus if, after the issuance of such Prospector Shares, Troilus would in the aggregate beneficially own, or exercise control or direction over, 20% or more of the then issued and outstanding Prospector Shares, unless prior shareholder approval is obtained by Prospector Metals in accordance with applicable Securities Laws and the rules or policies of the TSX Venture Exchange.

- The “Milestone Payment Amount” shall be equal to:
    1. the sum of $1,000,000, if the Prospector Metals market capitalization is less than or equal to $20,000,000; and
    2. the sum of $2,000,000, if the Prospector Metals market capitalization is greater than $20,000,000.

- The occurrence of a Change of Control of Prospector Metals shall constitute a Milestone Trigger Event (provided the Milestone Payment has not already been paid).
- Prospector Metals assumes underlying royalties on the claims.
- As long as Troilus continues to own 5% of Prospector Metals, it shall have the right to appoint one nominee to the Prospector Metal’s board of directors.
- As long as Troilus continues to own 5% of Prospector Metals, it shall have a participation right to maintain its *pro rata* equity interest.

Justin Reid, CEO and Director of Troilus commented, “We are very pleased with this agreement, and believe Rob Carpenter and his team are perfectly suited to unlock the potential of these prospective claims. Outstanding recent discoveries such as Snowline Gold’s Rogue Project and Victoria Gold’s Eagle Mine, the largest gold mine in Yukon’s history, are located on trend with Mike Lake and underscore the excellent potential in this district. As a large shareholder in Prospector Metals, Troilus and its shareholders will benefit from their expertise in this region and the advancements and future milestones achieved at the project.”

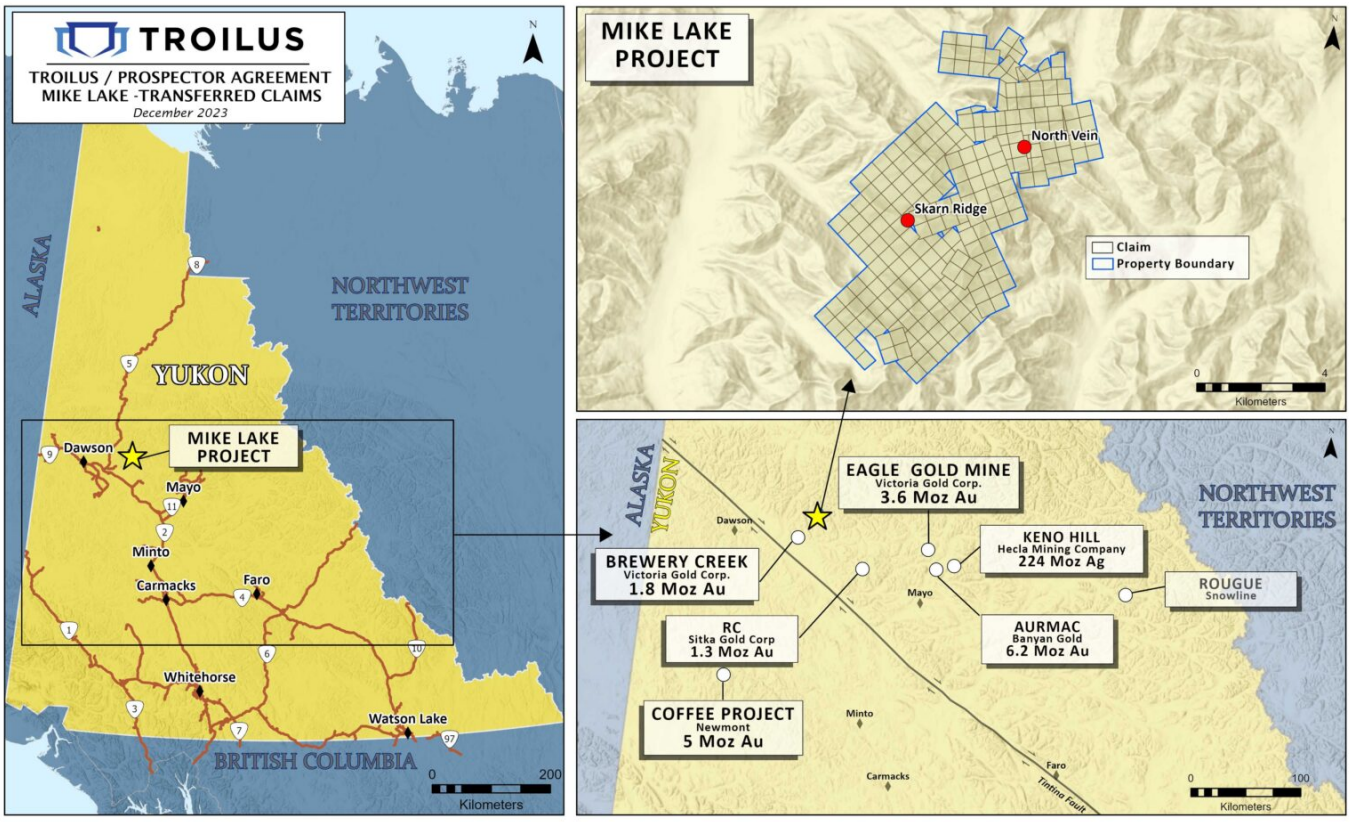

Figure 1. Mike Lake Project Claims Map, Yukon, Canada

About Prospector Metals Corp.

Prospector Metals Corp. is a Discovery Group Company focused on district scale, early-stage exploration of gold and base metal prospects. Creating shareholder value through new discoveries, the Company identifies underexplored or overlooked mineral districts displaying important structural and mineralogical occurrences similar to more established mining operations. To learn more, visit www.prospectormetalscorp.com.

Rob Carpenter, Ph.D., P.Geo, has been CEO at Prospector Metals Corp. since September 2023. He has over 30 years of corporate and mineral exploration experience, including his notable role as President and CEO of Kaminak Gold Corp from 2005 to 2013, where he was instrumental in the discovery, maiden resource, and acquisition of the 5-million-ounce Coffee Gold Project, located in the White Gold District, Yukon. Kaminak was acquired by

Goldcorp in 2016 and is now held by Newmont Corp.

Mike Lake Project History

Troilus inherited the Mike Lake claims through the reverse acquisition of Pitchblack Resources in late 2017, which also resulted in the acquisition of the past-producing Troilus Gold Project.

The Mike Lake Project encompasses 319 mineral claims, covering ~6,600 hectares, approximately 80 kilometres northeast of Dawson City in the Yukon, Canada (see Figure 1). The property is hosted within the Tintina Gold Belt alongside prominent projects such as the Brewery Creek Mine, Eagle Mine, and Snowline Gold, renowned for its rich gold, silver and copper mineralization. Intermittent exploration activities on the claims date back to the late 1960s, which has resulted in a robust technical database which includes comprehensive airborne geophysics, satellite imagery, extensive soil and rock sampling, prospecting, selective ground geophysics and over 16,700 metres (23 holes) of diamond drilling most recently conducted between 2004 and 2008 by Dynamite Resources. This drilling was conducted in the central and northern regions of the property at the North Vein and Skarn Ridge targets (see Figure 1). Select highlights from previously reported drill intercepts (see Dynamite Resources press releases dated November 14, 2006, October 11, 2007 and November 24, 2008) include **7.67 g/t Au over 18.43 meters, 7.58 g/t Au over 12.42** meters from the North Vein target (DDH NV05-02), and **1.38 g/t Au, 0.61% Cu, 13.6 g/t Ag, and 0.044% W over 89.3 meters** from the Skarn Ridge target (DDH SK07-01). No exploration activities have been undertaken since 2008, however the mineralized areas that have undergone cursory work represent highly attractive targets.

Technical Report Related to the Mike Lake Project

The latest National Instrument 43-101 technical report related to the Mike Lake properties is titled “Technical Review, Mike Lake Property, Yukon Territory, Canada”, with an effective date of July 15, 2011, which was prepared for Inform Resources Corp. by independent consultant, Michael Moore, P. Geo. This report can be found HERE. The Mike Lake Project historic estimate has not been verified as a current mineral resource and should not be relied upon. Significant data compilation, re-drilling and data verification may be required by a Qualified Person before the historic estimate can be verified. A Qualified Person has not done sufficient work to classify it as a current mineral resource, and Troilus is not treating the historic estimate as a current mineral resource.

*The board of directors of Prospector has approved the Consolidation of all of Prospector’s outstanding Common Shares on the basis of three (3) pre-Consolidation Common Shares for one post-Consolidation Common Share. Please note that the number of post-consolidation common shares to be issued to Troilus is approximate and may increase or decrease based on the size of the private placement financing currently being completed by Prospector.

Qualified Persons

The technical and scientific information in this press release has been reviewed and approved by Kyle Frank, P.Geo., VP Exploration for Troilus Gold, who is a Qualified Person as defined by NI 43-101. Mr. Frank is an employee of Troilus and is not independent of the Company under NI 43-101.

About Troilus

Troilus is a feasibility-stage Canadian mining company focused on the systematic advancement and de-risking of the former gold and copper Troilus Mine towards production. The 435 km² Troilus property is located in the top-rated mining jurisdiction of Quebec, Canada, within the prospective Frôtet-Evans Greenstone Belt. From 1996 to 2010, the Troilus Mine produced +2 million ounces of gold and nearly 70,000 tonnes of copper. Since

acquiring the project in 2017, ongoing exploration success has demonstrated the tremendous scale of the gold system on the property, which currently hosts 11.21 Moz AuEq (508.3 Mt with an average grade of 0.69 g/t AuEq) in the Indicated category and 1.80 Moz AuEq (80.5 Mt with an average grade of 0.69 g/t AuEq) in the Inferred category, making it the largest undeveloped gold deposit in Canada. Led by an experienced team with a track-record of successful mine development, Troilus is positioned to become a cornerstone project in North America.

For Further Information, Please Contact:

Caroline Arsenault
VP Corporate Communications
+1 (647) 276-0050
info@troilusgold.com

Cautionary Note Regarding Forward-Looking Statements and Information

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements regarding the potential impact of the transaction on the company, the timing and likelihood of closing and the receipt of all required approvals. Although the Company believes that such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and that actual

results may differ materially from those in forward-looking statements as a result of various factors and risks, including, uncertainties of the global economy, market fluctuations, the discretion of the Company in respect to the use of proceeds discussed above, any exercise of termination by counterparties under applicable agreements, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies and other risks identified in its disclosure documents filed at www.sedarplus.ca. This press release is not, and is not to be construed in any way as, an offer or recommendation to buy or sell securities in Canada or in the United States.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual events, results and/or developments may differ materially from those in the forward-looking statements. Readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with and as required by applicable securities laws.

A photo accompanying this announcement is available at https://www.globenewswire.com/NewsRoom/AttachmentNg/da11528a-57cb-4abd-a4c6-528c291d98c2