



## NEWS RELEASE

February 27, 2020

TSX.V: AUL

### **Aurelius Completes Acquisition of Aureus Gold Properties and Related C\$1,600,000 Equity Financings with Sprott Resource Lending**

Aurelius Minerals Inc. (TSX.V: AUL) (the “Company” or “Aurelius”) is pleased to announce that pursuant to a master transaction agreement (the “Transaction Agreement”) entered into between Aurelius and Sprott Private Resource Lending (Collector) LP, by its General Partner, Sprott Resource Lending Corp. (“Sprott Lending” or “Sprott”), Aurelius has completed the acquisition (the “Acquisition”) of 2672403 Ontario Inc. (“267 Ontario”), the owner of a 100% interest in the Dufferin gold properties including the Dufferin Gold Project (other than the Dufferin West Project), the Tangier Gold Project and the Forest Hill Gold Project located in Nova Scotia (collectively renamed, the “Aureus Gold Properties”) for total consideration of up to US\$8,200,000 in deferred payments (the “Deferred Payments”) payable in cash or common shares of Aurelius (“Aurelius Shares”) or a combination of cash and Aurelius Shares. In addition, Aurelius is currently in advanced negotiations to acquire the Dufferin West property (renamed “Aureus West”) for (i) US\$500,000 upon closing; (ii) a 2% net smelter return royalty with respect to production from Aureus West; and (iii) 2,000,000 Aurelius Shares) to be issued at a deemed issue price of C\$0.05 per Aurelius Share. Closing of the acquisition of Aureus West is anticipated to be completed in March 2020.

Mark N.J. Ashcroft, President and CEO of Aurelius, commented, “The acquisition of the Aureus Gold Properties represents tremendous growth opportunity for Aurelius. We have successfully demonstrated our ability to enhance the previous work at our existing Mikwam and Lipton Projects, and this is an opportunity to apply this systematic approach to the underexplored Aureus Gold Properties. We intend to conduct an underground diamond drilling program at the Aureus East Gold project with the objectives of identifying high-grade saddles at depth and, completing additional drilling to upgrade current inferred mineral resources. We also intend to conduct a drill program at the Mikwam property this summer season. We are very happy to welcome Sprott as an equity investor, and their equity investment at a premium demonstrates their confidence in our team’s capabilities and the quality of, not just the Aureus projects, but our Mikwam project as well.”

Subject to the terms of the Transaction Agreement, Aurelius acquired the Aureus Gold Properties in consideration for the Deferred Payments, payable as follows:

- (a) US\$2,500,000 within 90 days after filing a National Instrument 43-101 – *Standard of Disclosure for Mineral Projects* (“NI 43-101”) technical report in respect of all or part of the Aureus Gold Properties that establishes a minimum of 500,000 contained equivalent ounces of gold in the Measured and Indicated Mineral Resource Categories (the “Mineral Resources Estimate Report”); and

(b) provided that the Deferred Payment in (a) above has become due and payable, US\$5,700,000 on the first anniversary of the filing of a NI 43-101 feasibility study on all or part of the Aureus Gold Properties (the "Feasibility Study").

Aurelius has granted Sprott Lending a first ranking security obligation on all assets related to the Aureus Gold Properties until the balance of the Deferred Payments has been satisfied, which will be extended to Aureus West upon acquisition by Aurelius. Aurelius has the right, for a period of three years from the closing of the Acquisition, to extinguish the Deferred Payments for consideration of US\$4,000,000 payable in cash or in Aurelius Shares to Sprott Lending, less any prior payments made in cash or Aurelius Shares. Should the Company elect to pay the Deferred Payments in Aurelius Shares in an amount that would result in Sprott holding 20% or more of the issued and outstanding Aurelius Shares, such issuance will be subject to further review of the TSX Venture Exchange and acceptance and will require disinterested shareholder approval.

In the event that the Mineral Resources Estimate Report and/or the Feasibility Study has not been filed by the fifth anniversary of the closing of the Acquisition or Aurelius has otherwise determined in good faith not to proceed with preparing the Mineral Resources Estimate Report and/or Feasibility Study, and provided that a Change of Control (as defined below) has not occurred and is not contemplated, subject to certain conditions, Aurelius will be permitted to transfer the shares of 267 Ontario back to Sprott Lending for no additional consideration and the parties would then have no further obligations under the Transaction Agreement with respect to the Aureus Gold Properties.

Concurrent with closing of the Acquisition, (i) the C\$456,200 non-interest bearing promissory note (the "Note") advanced to Aurelius by Sprott Lending on an unsecured basis on December 19, 2019 was converted into 7,128,125 Aurelius Shares at a conversion price of \$0.064 per Aurelius Share (representing a premium of approximately 327% to the closing price of the Aurelius Shares on the trading day immediately prior to the announcement of the proposed Acquisition on November 18, 2019 and a premium of approximately 83% to the closing price of the Aurelius Shares on the trading day immediately prior to closing of the Acquisition); and (ii) Sprott Lending subscribed for 17,871,875 Aurelius Shares on a private placement basis at a price of \$0.064 per Aurelius Share (the "Private Placement"), which, together with the Note, represents additional gross proceeds to Aurelius of C\$1,600,000. As a result of the conversion of the Note and the completion of the Private Placement, Sprott together with its affiliates currently hold approximately 19.9% of the issued and outstanding Aurelius Shares on a partially diluted basis. The Aurelius Shares issued upon conversion of the Note are subject to a statutory hold period that expires on April 20, 2020 and the Aurelius Shares issued under the Private Placement are subject to a statutory hold period that expires June 28, 2020.

Aurelius will use the proceeds from the issuance of the Note and the Private Placement for the exploration and development of the Aureus Gold Properties and for general corporate and working capital purposes.

Pursuant to the Transaction Agreement, until such time as Sprott's basic ownership interest in Aurelius falls below 9.9%, Sprott is entitled to nominate two directors to the board of Aurelius (the "Board"), one of which is to be independent. The Transaction Agreement also provides (A) that the total number of directors on the Board will not exceed five without Sprott's prior written consent, (B) if Aurelius proposes to complete an offering of equity securities or securities convertible into equity securities, whether pursuant to a public offering, a private placement or otherwise (an "Equity Financing"), Sprott has the right to participate at the same subscription price and on terms no less favourable to Sprott than those provided under any such Equity Financing to maintain the same basic ownership percentage it had immediately prior to the Equity Financing, and (C) Sprott is entitled to a "catch-up right" in the event Aurelius issues Aurelius Shares (i) for compensatory purposes to employees, directors or officers; (ii) upon the exercise or conversion of exercisable or convertible securities; or (iii) as partial or total consideration in exchange for mining or other properties in a *bona fide* transaction with arm's length sellers which cumulatively dilute the basic ownership interest of Sprott and its affiliates by at least 3%.

The Transaction Agreement also provides that upon the sale or other transfer of all or substantially all the consolidated assets of Aurelius other than in connection with an internal reorganization; or the completion of an amalgamation, arrangement, merger or other consolidation or combination involving Aurelius such that immediately following such event (i) shareholders of Aurelius immediately prior to the event would not beneficially own, or exercise control or direction over, voting securities carrying the right to cast more than 50% of the votes attaching to all voting securities of the successor or continuing corporation or entity, or (ii) the directors of Aurelius would not constitute a majority of the board of directors (or equivalent) of the successor or continuing corporation or entity, such events being defined as a "Change of Control"; the balance of the Deferred Payments, after accounting for any deductions would become immediately due and payable.

In the event of a Change of Control where the Aurelius equity holders receive consideration for their Aurelius Shares, the Deferred Payments are required to be satisfied on the same basis, except that any non-cash component is limited so that Sprott's basic ownership interest of the successor or continuing corporation or entity would not exceed 19.9% (with any balance remaining payable in cash).

Upon the occurrence of a Change of Control, Sprott is entitled to an immediate cash incentive payment equal to 10% of the proceeds payable to any equity holders of Aurelius in addition to the balance of the Deferred Payments described above. Aurelius is entitled, for a period of three (3) years from the closing of the Acquisition, to extinguish the incentive payment for US\$1,000,000 payable in cash.

In connection with the exercise of Sprott's director appointment rights, Donald McInnes has tendered his resignation from the Board effective immediately prior to the appointment of his replacement, Dr. Gilles J. Arseneau, which is expected to occur at a meeting of the Board to be held immediately following closing of the Acquisition. Dr. Arseneau has over 30 years' experience with mining and consulting companies. He has managed both staff and client projects. Gilles is technically very strong and has strong business development skills. He has been an independent mineral resource consultant in Vancouver for the past 11 years and was Manager of Geology at the TSX Venture Exchange for 3 years, where he was responsible for the review of technical reports and listing applications for mining companies. He has worked on deposits in North and South America, China and Europe. He is fluent in French and English. Aurelius would like to welcome Dr. Arseneau to the Board and would like to thank Mr. McInnes for his tremendous service to Aurelius and wishes him all the best in his future endeavors.

Aurelius also announced today that it has changed its year-end to December 31 from March 31. The notice for the year-end change required under National Instrument 51-102 has been filed under the Company's profile at [www.sedar.com](http://www.sedar.com). Aurelius will report audited financial results for a nine-month transitional fiscal year from April 1, 2019 to December 31, 2019 with a comparative of twelve-month audited financial statements from April 1, 2018 to March 31, 2019. Afterwards, the Company will revert to a customary quarterly reporting calendar based on a December 31<sup>st</sup> financial year-end, with fiscal quarters ending on the last day in March, June, September and December each year. This will align Aurelius' financial reporting with the majority of publicly traded exploration mining companies.

## **About Aurelius**

Aurelius is a well-positioned gold exploration company focused on advancing gold projects in Ontario's Abitibi Greenstone Belt along with the just acquired and renamed Aureus Gold Properties, including the Tangier Gold Project and the Forest Hill Gold Project located in Nova Scotia and described in detail in the Corporation's press release of November 18, 2019. The high-grade Aureus Gold Project and mill in Nova Scotia completed initial gold production from test milling of a bulk sample in March 2017. The Aureus Gold Project covers 1,684 hectares in 104 mineral claims with a gold-bearing vein system defined by diamond drilling over a strike length of 1.4 km

and to a depth of 400 meters (m), with 14 different east-west trending “saddle reef” quartz vein structures recognized each with free-milling gold. The stacked gold reefs are open at depth and extend along trend for over 3.2 kilometers (km) within the Aureus East and Aureus West projects, with additional strike length up to a total of 11 km of strike length. Underground development completed to date has extended to approximately 600 m in length and to a depth of only 150 m. The Aureus Gold Project is on care and maintenance and is accessible for future work, such as underground exploration drilling. The Company intends to conduct underground diamond drilling at the Aureus East Gold Project with the objectives of identifying high-grade saddles at depth and completing additional drilling to upgrade current Inferred Mineral Resources and intends to extend Aureus West along strike and at depth and complete an updated Mineral Resource estimate and engineering review for the Aureus Gold Project.

Aurelius is also focused on advancing two district-scale gold projects in the Abitibi Greenstone Belt in Ontario, Canada, one of the world’s most prolific mining districts; the 968-hectare Mikwam Property, in the Burntbush area on the Casa Berardi trend and the 12,425-hectare Lipton Property, on the Lower Detour Trend. In 2018, Ontario converted its manual system of ground and paper staking and maintaining unpatented mining claims to an online system. All active, unpatented claims were converted from their legally defined location to a cell-based provincial grid. The Mikwam Property is comprised of 9 legacy claims consisting of 69 Cell Claims including 29 Single Cell Mining Claims (“SCMC’s”) and 40 Boundary Cell Mining Claims (“BCMC’s”). The Lipton Property is now comprised of 57 legacy claims consisting of 721 Cell Claims, 563 SCMC’s, 143 BCMC’s, and 30 “internal” and overlapping (i.e., two occupying the same space) BCMC’s.

The Company has a sound management team with experience in all facets of the mineral exploration and mining industry who will be considering additional acquisitions of advanced staged opportunities in the Abitibi and other proven mining districts.

On Behalf of the Board  
**AURELIUS MINERALS INC.**

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**Cautionary Note Regarding Forward-Looking Information**

*This news release contains “forward-looking information” under the provisions of applicable Canadian securities legislation, concerning the business, operations and financial performance and condition of Aurelius. All statements in this press release, other than statements of historical fact, are “forward-looking information” with respect to Aurelius within the meaning of applicable securities laws, including statements with respect to the Company’s planned drilling and exploration activities, the anticipated benefits of the Acquisition and the Private Placement, the proposed acquisition of Aureus West, the development of the Aureus Gold Properties, the future price of gold, the estimation of Mineral Resources, the realization of Mineral Resource estimates, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” , “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” , “believes”, or variations or comparable language of such*

words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. Forward-looking information is necessarily based upon a number of factors and assumptions that, if untrue, could cause the actual results, performances or achievements of Aurelius to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Aurelius will operate in the future, including the price of gold, anticipated costs and ability to achieve goals.

Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking information include, among others, gold price volatility, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), changes in national and local government legislation, taxation, controls or regulations and/or change in the administration of laws, policies and practices, expropriation or nationalization of property and political or economic developments in Canada, delays, suspension and technical challenges associated with projects, higher prices for fuel, steel, power, labour and other consumables, currency fluctuations, the speculative nature of gold exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements, failure of the parties to reach an agreement with respect to the acquisition by Aurelius of Aureus West and defective title to mineral claims or property. Although Aurelius believes its expectations are based upon reasonable assumptions and has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

The Company provides forward-looking information for the purpose of conveying information about current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, level of activity, performance or achievements of Aurelius to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of acquisitions and successful negotiation and completion of the acquisition of Aureus West; risks related to current global financial conditions; actual results of current exploration activities; environmental risks; changes in project parameters as plans continue to be refined; future price of gold; failure of plant, equipment or processes to operate as anticipated; mine development and operating risks; accidents, labour disputes and other risks of the mining industry; delays in obtaining approvals or financing; risks related to indebtedness and the service of such indebtedness, as well as those factors, risks and uncertainties identified and reported in Aurelius' public filings under Aurelius' SEDAR profile at [www.sedar.com](http://www.sedar.com). Although Aurelius has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are made as of the date hereof and, accordingly, are subject to change after such date. Aurelius disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.