

# RTG Mining Inc.: The Final Award in the Mabilo Singapore Arbitration Finds in Favour of Mt. Labo

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SUBIACO, August 24, 2020 - The Board of [RTG Mining Inc.](#) ("RTG", the "Company") (TSX:RTG) (ASX:RTG) is pleased to announce that Mt. Labo Exploration and Development Corporation ("Mt. Labo") has received a favourable Final Award in the international arbitration against Galeo Equipment Corporation ("Galeo") in the Singapore International Arbitration Centre ("SIAC").

On 21 August 2020, the Tribunal handed down its Final Award in the matter.

The Final Award is a resounding vindication of Mt. Labo's position.

Mt. Labo prevailed in all matters considered important. The Tribunal also dismissed all of Galeo's counterclaims.

## THE TRIBUNAL'S DECLARATIONS AND ORDERS

The Tribunal made its orders after a full hearing and considering all the evidence and submissions placed before it, ruling based on Philippine Law and it was declared and determined as follows:

- Mt. Labo validly terminated the Joint Venture Agreement ("JVA");
  - Mt. Labo validly rescinded the Memorandum of Agreement ("MOA"), which the parties had previously entered into to settle their disputes;
  - Galeo was not and is not entitled to a 42% (36% + 6%) shareholding in Mt. Labo pursuant to the MOA due to its breaches of the MOA and because the MOA was validly rescinded;
  - Galeo was not and is not entitled to the additional 6% interest in the joint venture ("JV");
  - Galeo was not and is not entitled to be named as a co-permittee of the Mt. Labo Exploration Permit and the Mt. Labo Exploration Permit Applications;
  - Galeo was not and is not entitled to be named as an authorised operator and/or exclusive driller of the JV;
  - Galeo was not and is not entitled to conduct drilling services at a rate higher than at arms' length terms competitive with alternative independent suppliers post the Earn-in Period;
  - Galeo breached its good faith obligation, fiduciary duties and duties of a trustee in the course of the joint venture activities. Within 30 days of the Final Award, Galeo shall:
    1. Provide Mt. Labo with complete information on the Surface Rights acquired by Galeo and all of its nominees, whether directly or indirectly;
    2. Transfer the Surface Rights held by Galeo to Mt. Labo at cost;
    3. Procure Galeo's nominees to transfer the Surface Rights held by them to Mt. Labo at cost;
    4. Account to the JV for any profits made by Galeo from its acquisition of the Surface Rights in competition with the JV;
    5. Deliver the originals of all permits and other related documents obtained from and issued by government agencies to Mt. Labo;
    6. Sell its interest in the JV to Mt. Labo at book value minus a 10% discount pursuant to Clause 11.2 of the JVA; and
    7. Remove all equipment and/or personnel from land in the Mabilo Project site that it does not own by virtue of the Surface Rights and also remove all of its equipment and personnel, once the transfer of the Surface Rights is completed, from the transferred land.
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- Mt. Labo is entitled to set off the "cost" that it is required to pay Galeo for the transfer of Surface Rights against the amounts that Galeo has been ordered to pay Mt. Labo in this Final Award.
  - Galeo (including Galeo's agents or employees or otherwise), shall be restrained from:

1. representing to any person or entity that the JV still exists;
2. representing to any person or entity that Galeo is the authorised and/or exclusive operator of the Mabilo Project and/or the JV;
3. representing to any person or entity that Galeo is an agent of the Mabilo Project; and
4. using or divulging any information received in connection with the JV to any person or entity.

The Final Award is the formal and final award of the Tribunal. The majority of the three-member Tribunal ruled in favour of Mt. Labo. Galeo's nominee on the three-member Tribunal wrote a dissenting opinion.

If required, enforcement procedures will be undertaken by Mt. Labo in the Philippines with advice from counsel confirming that an arbitral award can only be validly refused for a failure to meet procedural requirements.

#### DAMAGES AND COSTS AWARD TO MT. LABO

The Tribunal also ordered Galeo to pay damages of approximately US\$18.6 million (plus interest at 6% from various dates) and legal costs, including the Tribunal's fees of approximately S\$7.45 million.

That represents a total monetary award in favour of Mt. Labo of approximately A\$33.6 million plus interest.

#### WHAT THE AWARD MEANS TO MT. LABO

The practical effect of the Final Award is that Galeo is not a shareholder of Mt. Labo and the JV has been terminated. This will see Mt. Labo's percentage interest in the project rise from 58% to 100% once the formalities are completed. Given the book value of the net assets of the JV are negative as to date it has been an exploration endeavour, Mt. Labo will not have to pay anything for that increase. Mt. Labo also secured the right to set off any costs to transfer the surface title rights acquired by Galeo or its nominees against the amounts Galeo has been ordered to pay to Mt. Labo.

Mt. Labo, together with its local partner and Chairman, Ms Gloria Tan Climaco, has been able to use this time productively to enhance the value of its interest in the Mabilo Project, having only recently secured the mining permit. With gold, copper and iron ore pricing having increased significantly (21 August 2020: Cu US\$2.96/lb, Au US\$1,942.40/oz, 62% Fe US\$122.79/t), Mt. Labo will now hold 100% of a project with a NPV of US\$463.2 million (based on the Feasibility Study - updated only for commodity price changes), almost 200% higher than the original review undertaken for the Feasibility Study (details announced on 18 March 2016).

There is also significant exploration upside from the base case addressed in the Feasibility Study, as Galeo unilaterally cancelled all drilling, with the current resource open at depth and along strike, and strong potential to identify the porphyry source, factors which could materially increase the scale of the project.

The resolution of this matter by the Tribunal has been timely, with many in the Philippines now acknowledging a desire to refocus on the mining industry to assist in restimulating the Philippine economy after the affects of the COVID-19 pandemic.

Mt. Labo is pleased with the outcome of the arbitration and would like to thank its Lead Barristers, Mr Davinder Singh SC and Mr Victor P. Lazatin and the legal teams of Davinder Singh Chambers, Angara Abello Concepcion Regala & Cruz Law Offices and Cruz Marcelo and Tenefrancia for their dedication and professionalism.

The outcome is a great success for the Mabilo Project and the Philippines with the Mining Licence now secured it will allow Mt. Labo to move forward with the high grade project in harmony with both local communities and the Mines and Geosciences Bureau, who have been very supportive of both the Project and Mt. Labo. This is an outstanding result for the local community and local, regional and national Governments. Based on the abovementioned commodity prices as at 21 August 2020, the direct shipping operation alone, which is estimated in the Feasibility Study to require capital in the order of US\$20 million,

would generate net cashflow after taxes in the first 12 months of operation of in excess of US\$100 million. Pre-planning work for start up of the project can now proceed with full force including organising both financing and offtake arrangements, which are both well advanced.

## SINGAPORE INTERNATIONAL ARBITRATION CENTRE

The SIAC is a globally respected, international arbitration organisation based in Singapore, which administers arbitrations under its own rules of arbitration and the UNCITRAL Arbitration Rules. It was established in 1991. SIAC arbitration awards have been enforced throughout the world, including Australia, China, Hong Kong SAR, India, Indonesia, Jordan, Thailand, UK, USA and Vietnam, amongst other New York Convention signatories.

Dr Michael J Moser was appointed the President of the Tribunal and the Presiding Arbitrator. Dr Michael J Moser, is a highly respected international arbitrator and attorney-at-law. He is a member of the New York and Washington DC Bars, he is a graduate of the Harvard Law School (J.D.) and Columbia University (Ph.D.). Dr Moser was China Managing Partner of Freshfields prior to his retirement in 2006.

Mr. Alan Thambiayah was nominated by Mt. Labo and is an experienced arbitrator. He has been appointed as arbitrator by parties in Malaysia, Seoul, London, U.S.A., Hong Kong, India, Indonesia, Vietnam and Singapore, including retired Judges from England, Hong Kong, India, Malaysia & Singapore, and arbitral institutions such as AIAC, HKIAC, ICC, ICDR, and SIAC. He has been appointed as chairman of arbitral tribunals, sole arbitrator or co-arbitrator in over 500 disputes.

Mr Custodio O. Parlade was nominated by Galeo and is an experienced arbitrator on construction and international commercial arbitration. He is the President Emeritus of the Philippine Dispute Resolution Center; Chairman of its International Arbitration Commission; Accredited arbitrator of the Construction Industry Arbitration Commission and Trustee and Philippine Institute of Construction Arbitrators, Inc.

Awards of the SIAC are respected and enforceable in many countries, with the Philippines being a signatory to the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the New York Convention).

## ABOUT RTG MINING INC

[RTG Mining Inc.](#) is a mining and exploration company listed on the main board of the Toronto Stock Exchange and the Australian Securities Exchange. RTG is currently focused primarily on progressing the Mabilo Project to start-up having recently received a mining permit for the Project, with a view to moving quickly and safely to a producing gold and copper company.

RTG also has a number of exciting new opportunities including the Panguna Project in Bougainville, which it remains committed to but during these uncertain times the primary focus is on advancing the Mabilo Project.

RTG has an experienced management team which has to date developed seven mines in five different countries, including being responsible for the development of the Masbate Gold Mine in the Philippines through CGA Mining Limited. RTG has some of the most respected international institutional investors as shareholders including Franklin Templeton, Equinox Partners and Sun Valley.

## ENQUIRIES

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## COMPLIANCE STATEMENT

Date: 24 August 2020

Authorised for release by: By the Board of Directors

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The Toronto Stock Exchange has not reviewed nor does it accept responsibility for the accuracy or adequacy of this press release, which has been prepared by management.

This announcement includes certain "forward-looking statements" within the meaning of Canadian securities legislation including, among others, statements made or implied relating to the interpretation of exploration results, accuracy of mineral resource and mineral reserve estimates, parameters and assumptions used to estimate mineral reserves and mineral resources, realization of mineral reserve and mineral resource estimates, estimated economic results of the Mabilo Project, future operational and financial results, including estimated cashflow and the timing thereof, estimated expenditures, expansion, exploration and development activities and the timing thereof, including expectations regarding the DSO, plans for progressing Stage 2 development, completion of a debt funding package, the negotiation of contracts for start up works and offtake arrangements and the completion of merged documentation, RTG's objectives, strategies to achieve those objectives, RTG's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. All statements, other than statements of historical fact, included herein, are forward-looking statements. Forward looking statements generally can be identified by words such as "objective", "may", "will", "expected", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans", or similar expressions suggesting future outcomes or events. Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from RTG's expectations include uncertainties related to fluctuations in gold and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies in the development of RTG's mineral projects; the need to obtain additional financing to develop RTG's mineral projects; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for RTG's mineral projects and other risks and uncertainties as discussed in RTG's annual report for the year ended December 31, 2019 and detailed from time to time in our other filings with the Canadian securities regulatory authorities available at [www.sedar.com](http://www.sedar.com). The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. RTG will not release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

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## ANNOUNCEMENT TO THE TORONTO STOCK EXCHANGE AND AUSTRALIAN SECURITIES

## EXCHANGE

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