

# Elgin Mining and Gold-Ore Resources Announce Merger Creating Growth Oriented International Gold Producer, Developer and Explorer

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Vancouver, February 1, 2012 - [Elgin Mining Inc.](#) (TSX-V: ELG) ("Elgin Mining") and [Gold-Ore Resources Ltd.](#) (TSX: GOZ) ("Gold-Ore") are pleased to announce the execution of an arrangement agreement to complete a business combination (the "Transaction"), whereby Elgin Mining will acquire all of the issued shares of Gold-Ore by way of a plan of arrangement. The Transaction will result in a well-funded, growth-oriented gold producer with Gold-Ore's producing Bjorkdal gold mine in Sweden and Elgin Mining's Lupin and Ulu gold development projects in Nunavut, Canada. Bjorkdal produced 40,338 ounces of gold in fiscal 2011. Excluding Lupin, pro forma mineral resources for Elgin Mining upon completion of the Transaction will be over 1,191,700 ounces of Measured and Indicated mineral resources and approximately 756,500 ounces of Inferred mineral resources (Note: A table of Mineral Resources and Mineral Reserves is shown at end of this news release). The combined company will have the financial resources and management expertise for accelerated development and growth.

A conference call for the investment community will take place as noted at the end of this news release.

## Transaction Highlights:

- Gold-Ore shareholders to receive one Elgin Mining common share and one half of one common share purchase warrant of Elgin Mining exercisable at a strike price of \$1.30 per Elgin Mining share with a two year term
- Transaction values Gold-Ore at \$1.22 per common share and represents a premium of 66.5% based on the volume weighted average trading prices of Gold-Ore and Elgin Mining for the 10 trading days ended January 31, 2012
- Low risk, high quality asset portfolio: one producing gold mine; two attractive gold development projects
- Elgin Mining's Lupin gold project provides exposure to a high grade, past producing underground mine with significant infrastructure and permitting in place and the potential for near term production
- Strong balance sheet and cash flow: approximately \$35 million in cash in the combined company; fiscal 2011 cash flow from Gold-Ore's Bjorkdal mine is \$12.1 million
- Transaction structured to fund on-going growth and development through potential warrant exercise
- Share exchange provides Gold-Ore shareholders with a 57% ownership stake (67% fully diluted) in a superior combined company with geographic diversification, increased market profile, trading liquidity and research coverage
- Shareholder representing approximately 17% of Gold-Ore shares has signed a lock-up agreement supporting the Transaction
- Experienced combined team. Elgin Mining and Gold-Ore management and board have long standing operational and capital markets expertise in the mining sector with well-established track records
- Unanimous support of the management of both companies.

The Transaction values Gold-Ore at \$1.22 per common share based on the 10-day volume weighted average price of Elgin Mining (\$1.15 of share value and \$0.07 of warrant value) and represents a premium of 66.5% over the same period. Each Gold-Ore shareholder will receive one common share of Elgin Mining and one half of one common share purchase warrant of Elgin Mining exercisable at a strike price of \$1.30 per Elgin Mining share with a two year term, for each Gold-Ore common share held. Each half warrant has been

valued at \$0.07 using the Black-Scholes method with a volatility assumption of 30%, term of 2 years, an exercise price of \$1.30 per share, a reference 10-day volume weighted average price of \$1.15 and an assumed risk free interest rate of 0.95%.

Elgin Mining's President and CEO, Patrick Downey commented, "The combination of Elgin Mining and Gold-Ore will create a strong international gold company with a solid portfolio of production and exploration assets in the politically safe jurisdictions of Canada and Sweden. Gold-Ore's Bjorkdal mine will provide meaningful cash flow which will fund the company's future exploration and development activities. The combined company's profile will be very attractive to current and future investors as a larger, diversified company with immediate production and future upside. We will continue to review quality opportunities that add to our resource inventory and production profile."

Glen Dickson, Chairman and CEO of Gold-Ore commented, "The Transaction provides Gold-Ore shareholders with significant and immediate value for their shares. Furthermore, with the Lupin mine fully permitted and the limited capital exposure for re-start of operations, our shareholders will participate in a rapid and meaningful ramp-up of production. We believe that the strategic and financial rationale of our Transaction is beneficial to Gold-Ore's shareholders, employees and other stakeholders."

Elgin Mining's Transaction will provide the following benefits to the shareholders of Gold-Ore:

- A compelling premium of 66.5% to all Gold-Ore shareholders
- Warrants under the Transaction structure provide Gold-Ore shareholders with additional upside and future capital inflows to the combined company
- The combined company will be well funded with approximately \$35 million in cash and with all operations in locations with minimal political risk
- Participation in the past producing Lupin gold mine which produced 3.5 million gold ounces at an average head grade of 9 g/t gold over a 20 year mine life
- Elgin Mining's Lupin and Ulu projects contain scalable upside. The past producing Lupin high-grade gold project has in-place infrastructure and its Class "A" water licence to recommence operations thereby reducing delays in permitting and costs
- Strong expertise among Elgin's management and board in developing and operating mining projects; significant capital markets expertise and successful track record in the mining sector
- Participation by Gold-Ore shareholders in the potential re-rating of Elgin Mining resulting from the increased size, liquidity, research analyst coverage and market visibility of the combined company

The shareholders of Elgin Mining will benefit from ownership in Gold-Ore as follows:

- Ownership in the Bjorkdal Gold Mine in the low political risk jurisdiction of Sweden. The Bjorkdal Gold Mine has a strong track record of gold production generating meaningful free cash flow with significant exploration upside
- Gold-Ore's cash flow generation of \$12.1 million in 2011 will assist in accelerating the development of Elgin Mining's exploration assets

Resolute Funds Limited, as manager of Resolute Performance Fund, Gold-Ore's largest shareholder, has entered into a lock-up agreement with Elgin Mining in support of the Transaction in respect of 15,000,000 common shares of Gold-Ore representing approximately 17% of the issued and outstanding common shares on a non-diluted basis.

The Transaction includes a commitment by Gold-Ore and Elgin to not solicit an alternative transaction to the Transaction. Each company has agreed to pay a break fee to the other company of \$2.8 million upon the occurrence of certain events. The Transaction has been declared a "Superior Proposal" as defined by an agreement signed by Gold-Ore and Astur Gold Corp. ("Astur") and will result in the payment of a break fee of \$2.5 million by Gold-Ore to Astur. The previously announced transaction between Gold-Ore and Astur has been terminated.

Patrick Downey will continue in his role as President and Chief Executive Officer and Bob Buchan will remain Chairman of the Board. Robert Wasylshyn will continue on as interim COO. Gold-Ore directors, David Mullen, Ronald Ewing, Glen Dickson and Robert Wasylshyn will join the expanded board of directors.

The Transaction will be conditional upon certain conditions of completion, including receipt of all necessary regulatory approvals, absence of material adverse changes and holders of at least 66 2/3% of the total votes cast by Gold-Ore shareholders approving the Transaction at a meeting of Gold-Ore shareholders. The Transaction will also be subject to the approval of 50% plus one of the total votes cast by Elgin Mining shareholders voting in favour of the Transaction.

### **Additional Details of the Transaction**

Full details of the Transaction will be included in respective information circulars and a joint proxy circular to be filed with securities regulatory authorities and mailed to Gold-Ore and Elgin Mining shareholders in early March. It is anticipated that the shareholders meeting of both Elgin Mining and Gold-Ore to approve the Transaction will occur in early April. Closing of the Transaction is anticipated in late April.

Elgin Mining has engaged National Bank Financial Inc. ("NBF") to act as financial advisor to the Company in connection with the Transaction. Legal counsel to Elgin Mining is Cassels Brock & Blackwell LLP. NBF has provided an opinion to the board of directors of Elgin Mining that, as of the date thereof, the consideration to be paid under the Transaction is fair, from a financial point of view, to the shareholders of Elgin Mining.

Gold-Ore's financial advisor is Fraser Mackenzie Limited ("Fraser Mackenzie") and its legal counsel is McLeod & Company LLP. Fraser Mackenzie has provided an opinion to the board of directors of Gold-Ore that, as of the date thereof, the consideration to be paid under the Transaction is fair, from a financial point of view, to the shareholders of Gold Ore.

### **Conference Call Information**

A conference call for the investment community will take place to discuss the Transaction on February 1, 2012, at 4:30 pm Eastern time (1:30 pm Pacific time). Investors, analysts, media and other interested parties are invited to attend. To join the call please dial the following:

### **Webcast/Conference Call**

#### **Live Dial-In Information:**

Toronto and International: 416-340-2217 Passcode: 1866360#  
North America (Toll Free): 866-696-5910 Passcode: 1866360#  
Participant Audio Webcast: [www.elginmining.com](http://www.elginmining.com)

#### **Replay Call Information:**

North America (Toll Free): 800-408-3053 Passcode: 4167801#

The conference call replay will be available from 6:00 p.m. EST on February 1, 2012 until 11:59 p.m. EST on February 15, 2012.

The presentation referenced on the conference call will be made available for download on Elgin Mining's website at [www.elginmining.com](http://www.elginmining.com) and Gold-Ore's website at [www.goldoresources.com](http://www.goldoresources.com). A replay of the call will be available by dialing 800-408-3053 and entering passcode 4167801# or by accessing the link to the recording that will be posted to Elgin Mining's website shortly after the conference call.

### **Resources & Reserves**

#### ***Gold-Ore: Bjorkdal Reserves & Resources***

Category	Tonnes (000's)	Grade (g/t Au)	Gold (oz)	
<b>Reserves</b>				
P&P (O/P)	3,568	1.13	129,945	
P&P (U/G)	457	2.46	36,128	
Total Reserves*	4,025	1.28	166,073	
<b>Resources</b>				
M&I (O/P)	10,281	1.19	393,400	
M&I (U/G)	6,191	2.65	527,500	
Total M&I	16,472	1.74	920,900	
Inferred (O/P)		10,435	1.07	359,000
Inferred (U/G)		2,736	2.91	256,000
Total Inferred	13,171	1.45	615,000	

\* Does not account for 2011 Production

- Reserves from "Technical Report on Bjorkdal Gold Mine, Sweden" by Wardell Armstrong International, March 26, 2010
- Resources from "Bjorkdal Resource Estimate" by Wardell Armstrong International, January 21, 2011
- Mineral resources listed at cut-off grade of 0.3 g/t Au for open pit and 1 g/t Au for underground
- Mineral reserves listed at cut-off grade of 0.45 g/t Au for open pit and 1/1.3 g/t Au for underground
- Mineral resources that are not mineral reserves do not have demonstrated economic viability

### Ulu Project

- The Ulu gold deposit hosts NI 43-101 compliant mineral resources as shown in the following chart:

Gold (grams per tonne)	Cut Off	Indicated Mineral Resources		Inferred Mineral Resources	
		Tonnes*	Gold (grams per tonne)	Tonnes*	Gold (grams per tonne)
	2.5	751,000	11.37	418,000	10.61
	5.0	720,000	11.70	410,000	10.73
	7.0	630,000	12.44	370,000	11.15

\* Tonnes have been rounded to reflect relative accuracy of the mineral resource estimate.

\*\*Estimated as at June 27, 2011 in the NI 43-101 technical report on the property entitled "NI 43-101 Technical Report on the Ulu Gold Property, Kitikmeot Area - Nunavut Territory, Canada" by Richard A. Graham, P.Geol. and G. H. Wahl, P. Geo. The technical report is available for viewing under the corporate profile of Elgin on SEDAR at [www.sedar.com](http://www.sedar.com). Both authors are independent of the Company as such term is defined in NI 43-101.

### Qualified Person

Vivian Park, the Manager, Exploration of Elgin Mining and a Qualified Person as defined by National Instrument 43-101, has reviewed and approved of the written technical disclosure contained in this press release on behalf of Elgin Mining.

Robert Wasylshyn, P.Geol., President and COO of Gold-Ore and a Qualified Person as defined by National Instrument 43-101, has reviewed and approved of the written technical disclosure contained in this press release on behalf of Gold-Ore.

### Elgin Mining Inc.

Elgin Mining is a Canadian based company focused on the exploration and development of the Lupin gold mine and Ulu gold project, both located in Nunavut Territory, Canada. In addition, Elgin's portfolio includes a 35% interest in Auracle Resources, which is exploring the Mexican Hat property in Arizona, and an exclusive right and option to earn a 60% interest in Lincoln Mining's Oro Cruz (California) and La Bufa (Mexico) gold projects. Elgin Mining also selectively reviews opportunities to add advanced stage development projects to

its portfolio.

For further information, please visit Elgin Mining's web site at [www.elginmining.com](http://www.elginmining.com).

### **Gold-Ore Resources Ltd.**

Gold-Ore is a gold producing company focused in the low political risk jurisdiction of Sweden. The company's primary asset is the Bjorkdal Gold Mine, which has produced 1,050,000 ounces in the last 24 years. Drilling is expanding the resources indicating a long mine life at current gold prices. The company has a strong balance sheet, generates significant cash flow from gold sales, and remains un-hedged.

For further information, please visit Gold-Ore's web site at [www.goldorerresources.com](http://www.goldorerresources.com).

### [Elgin Mining Inc.](#)

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### **FORWARD-LOOKING STATEMENTS**

*Certain information set forth in this press release contains "forward-looking statements", and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of Elgin Mining's and Gold-Ore's future plans and operations and are based on each company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Elgin Mining's and Gold-Ore's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Elgin Mining and Gold-Ore undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

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