

# Delta Gold Corp. and CIC Resources Inc. Sign Binding Reverse Takeover Letter Agreement

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[Delta Gold Corp.](#) (TSX VENTURE:DLT) ("Delta") and [CIC Resources Inc.](#), a privately-held company incorporated under the laws of the Cayman Islands ("CIC"), are pleased to announce that they have signed a binding letter agreement dated March 24, 2015 (the "Agreement") proposing a transaction by way of a share exchange, arrangement, amalgamation or other such structure (the "Transaction") which would result in a reverse takeover of Delta by CIC, thereby resulting in a going public transaction for CIC.

Under the terms of the Transaction, Delta's outstanding common shares ("Delta Shares") will be consolidated on a 16:1 basis (the "Consolidation") and shareholders of CIC will receive Delta Shares in exchange for their common shares of CIC on the basis of 11.14 post-consolidation Delta Shares for each CIC share. The Transaction is an arm's length transaction.

The shareholders of CIC and Delta are expected to own, respectively, approximately 68% and 32% of the combined company (the "Resulting Issuer"), excluding shares issued in the Financing (defined below). The exchange ratio values Delta at approximately C\$4.0 million.

The Resulting Issuer's primary assets at the close of the Transaction will consist of Delta's estimated working capital of approximately C\$3.3 million and its option to acquire a 100% interest in the Imperial Gold Project in Imperial County, California (the "Imperial Project") from Goldcorp USA Inc. (a wholly-owned subsidiary of [Goldcorp Inc.](#)) and CIC's estimated working capital of approximately C\$2.2 million and its 100% interest the Alto Parana Project, a titanium-iron deposit in Paraguay.

## Concurrent Financing

In connection with the Transaction and prior to the closing thereof, CIC principals will arrange to complete a non-brokered financing (the "Financing") of common equity securities to raise minimum gross proceeds of C\$1 million at an expected price of C\$0.33 per consolidated common share.

## Highlights of the Resulting Issuer

- Strong post-Financing balance sheet with approximately C\$6.5 million of working capital;
- Well capitalized metals company with the Parana Project in Paraguay, the Imperial Project in California and a pipeline of precious metals projects;
- Diversified and strong shareholder base, providing enhanced market liquidity for shareholders and, accordingly, a greater ability to source capital; and
- Enhanced market presence.

## Benefits of the Transaction for Delta and CIC

- Diversifies operating risk amongst multiple projects;
- Well capitalized company;
- Allows for general and administrative synergies;
- Creates strong and committed shareholder base that significantly improves capital structure; and
- Improves market presence.

## Other Transaction Details

The Resulting Issuer is expected to be named "[CIC Gold Inc.](#)" and will be headquartered in Vancouver, B.C. The Agreement provides that Delta and CIC will negotiate and enter into a definitive agreement to supersede the Agreement. It is anticipated that the board of Delta will be reconstituted in connection with closing to consist of the current directors of CIC and such other individuals as determined by CIC.

The parties intend to apply for an exemption from the requirement for a sponsor in connection with the

Transaction under the policies of the TSX Venture Exchange.

Further details regarding the Transaction, including financial information of CIC and information respecting the Alto Parana Project, shall be provided in an information circular (the "Circular") which will be mailed to shareholders of Delta in connection with the shareholders' meeting to approve the Transaction.

### **Key Conditions Precedent**

Closing of the Transaction is subject to a number of conditions and approvals, which include:

- Satisfactory completion of the parties' respective due diligence review
- Shareholder approval of the Transaction by each of the parties
- No material adverse change in the business or affairs of either CIC or Delta
- Negotiation, execution and delivery of mutually acceptable definitive documentation
- Receipt of all necessary third party consents and approvals
- Approval of the TSX Venture Exchange
- Completion of the Financing
- There can be no assurance that the Transaction or the Financing will be completed as proposed or at all.

### **Timing**

The parties expect to complete and mail the Circular in May 2015 and Delta and, if applicable, CIC plan to hold their respective special shareholder meeting in June 2015. The Transaction is expected to close shortly thereafter.

### **Legal Counsel**

Delta's legal counsel is McMillan LLP while CIC's legal counsel is DuMoulin Black LLP.

### **Board of Directors' Recommendations**

Pursuant to the Agreement, the directors of Delta and CIC will recommend that their respective shareholders approve the Transaction and the directors and officers of both companies will enter into agreements to support the Transaction.

### **Overview of Assets of the Resulting Issuer**

#### ***Alto Parana Project, Paraguay***

The Alto Parana project is located in eastern Paraguay in Alto Parana province approximately 100 km north of Ciudad del Este. The Alto Parana mineralization is atypically high in titanium values when compared to most beach sand deposits. High iron laterite hosts heavy minerals containing high iron and titanium values as ilmenite, titanomagnetite and magnetite.

Work to date on the project has included an extensive program of pitting and auger drilling, development of a test mine, construction of a pilot plant to evaluate the proposed beneficiation flow sheet, tailings handling, sedimentation and remediation, bench scale smelting tests, production of approximately 110 tonnes of concentrate for a large scale smelting test, and associated engineering, marketing, logistical and environmental work.

The project includes a 30 ha land parcel where the pilot plant and test mine are located. CIC is in the process of updating the technical report for the project, which will include an inferred resource estimate.

#### ***Imperial Project, Imperial County, California***

In June 2012, Delta entered into an option agreement with Goldcorp USA Inc. that grants Delta the option to acquire 100% of the Imperial Project, currently at the PEA and permitting stage, located in Imperial County, California. The option agreement was amended and restated in September 2013 to require work commitments totaling \$10.0 million over a four year period to begin only once all permits for the feasibility study drilling program are received, but in any event, no later than June 2021. In addition, required share-based payments under the option agreement are now tied to project milestones including receipt of all permits for the feasibility study drilling program, a positive construction decision and upon the project reaching commercial production. Further contingent payments could be due following commercial production at gold prices in excess of US\$1,300 per ounce.

### **Technical Disclosure**

J. David Lowell, CEO of CIC, is a qualified person for the purposes of NI 43-101 and has reviewed and approved the technical information in this news release relating to CIC.

Mr. John Purkis, Professional Engineer. (BC), previous Senior Vice President, Operations and Chief Operating Officer of Delta, is a qualified person for the purposes of NI 43-101 and has reviewed and approved the technical information in this news release relating to Delta.

### **CAUTIONARY STATEMENTS**

*Completion of the Transaction is subject to a number of conditions, including TSX-V acceptance and shareholder approval. The Transaction cannot close until the required shareholder approval is obtained and all other condition are satisfied or waived. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Delta should be considered highly speculative.*

*The TSX-V has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release.*

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

*All statements in this news release, other than statements of historical fact that address events or developments which Delta or CIC expect to occur, constitute "forward-looking information". These statements relate to future events or future performance and reflect CIC's and Delta's current expectations regarding the Transaction, the Financing, the Consolidation, and the future growth, results of operations, business prospects and opportunities of each of CIC and Delta (and the Resulting Issuer) and mineral resource estimates. Forward-looking information reflects CIC's and Delta's current internal projections, expectations or beliefs and are based on information currently available to CIC and Delta, respectively. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. Assumptions upon which such forward-looking information is based include, among others, that Delta and CIC will be able to satisfy the conditions to closing contained in the Agreement and any subsequent definitive agreement, that the Financing will be completed on terms favourable to CIC and Delta, that the required approvals to the Transaction and matters relating thereto will be obtained from the shareholders of each of Delta and CIC, that all required regulatory, court and governmental approvals will be obtained on a timely basis and on terms favourable to the parties, and that the business prospects and opportunities of the Resulting Issuer, including its plans for the Alto Parana Project, the Imperial Project and the acquisition of additional projects, will proceed as anticipated. Many of these assumptions are based on factors and events that are not within the control of Delta, CIC or the Resulting Issuer, and there is no assurance they will prove to be correct or accurate. Risk factors that could cause actual results to differ materially from those predicted herein include, without limitation: the speculative nature of the mineral exploration and development industry; an inability to obtain any of the approvals required to complete the Transaction; volatility in financial markets or general economic conditions; capital requirements and the need for additional financing; fluctuations in international currency markets and in the rates of exchange for the currencies of Canada and the United States; price volatility in the spot and forward markets for commodities generally and for gold and silver in particular; discrepancies between actual and estimated production, mineral resources, metallurgical recoveries and/or*

*exploration results; changes in regulations and unpredictable political or economic developments in the countries in which Delta and CIC (and the Resulting Issuer) does or may carry on business; competition in the mineral exploration and development industry; loss of key personnel; changes in project parameters as plans continue to be refined; accidents; labour disputes; and defective title to mineral claims or property or contests over claims to mineral properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding (and the risk of inadequate insurance or inability to obtain insurance to cover these risks), as well as the risks disclosed under the heading "Risks and Uncertainties" in the most recent management discussion and analysis for Delta available under Delta's SEDAR profile at [www.sedar.com](http://www.sedar.com). Forward-looking information is not a guarantee of future performance and actual results and future events could differ materially from those discussed in any such forward-looking information. All of the forward-looking information contained in this news release is qualified by these cautionary statements. Although CIC and Delta believe that the forward-looking information contained herein is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on any of the forward-looking information contained herein. Each of Delta and CIC expressly disclaims any intention or obligation to update or revise any forward-looking information in this news release, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.*

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