

# Marlin and Sailfish Execute Agreement to Acquire Significant Gold Royalty - Spin-Out of Sailfish to Marlin Shareholders Expected in Q4

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VANCOUVER, June 28, 2017 - [Marlin Gold Mining Ltd.](#) (TSX-V: MLN) ("Marlin" or the "Company") is pleased to announce that it, together with its wholly owned subsidiary, [Sailfish Royalty Corp.](#) ("Sailfish"), has entered into a definitive agreement with two individuals (the "Vendors") that hold a 3.5% royalty (the "TZ Royalty") on the advanced stage Tocantinzinho gold project in Brazil owned by a subsidiary of [Eldorado Gold Corp.](#) ("Eldorado") and pursuant to which Sailfish will acquire the TZ Royalty in exchange for cash and shares of Sailfish. In connection with the acquisition, Marlin expects to complete a spin-out of Sailfish to shareholders.<sup>1</sup>

Akiba Leisman, Executive Chairman and Interim CEO states that, "Sailfish was a company created by Marlin in 2014 to fully capture the value royalties create for the benefit of Marlin shareholders. Now that the Company's operating mine is generating significant cash flow, we are excited to acquire a special royalty. The TZ Royalty, along with Sailfish's current gold stream agreement on the San Albino gold project in Nicaragua, gives Sailfish enough scale to operate as a separate publicly traded royalty company. Management is of firm belief that once Sailfish is public, not only will the value we created at Sailfish be realized, but it will position Sailfish for significant growth in the future."

Red Cloud Klondike Strike Inc. ("Red Cloud") acted as the Vendor's financial advisor as part of the TZ Royalty sale process. Red Cloud is a new concept capital markets advisory firm dedicated solely to the mining sector.

## Transaction Details

The total purchase price for the TZ Royalty is US\$12 million, which is comprised of the following:

- US\$6.5 million in cash
- US\$5.5 million in common shares of Sailfish

Following the spin-out of Sailfish, the Vendors are expected to collectively own approximately 12.1% of Sailfish, with Marlin shareholders owning the balance.

The acquisition of the TZ Royalty is subject to approval by the TSX Venture Exchange and the satisfaction of certain closing conditions, including the receipt of applicable third-party consents, shareholder approval and completion of the Sailfish spin-out on terms acceptable to the Vendors, acting reasonably. The "Outside Date" for satisfaction of all conditions (including completion of the Sailfish spin-out) and closing of the transaction of October 31, 2017.

## The TZ Royalty Buy Back

Eldorado has the right to reduce the TZ Royalty to a 1.5% NSR upon payment of an aggregate of US\$5.5 million to the Vendors, which rights are exercisable within a fixed period of time following certain events, including a construction decision (the "Buy-back Right"). The Buy-back Right consideration is payable to the Vendors if received by Sailfish. If the Buy-back Right is not exercised, Sailfish may either a) pay the Vendors US\$5.5 million; or b) assign that part of the TZ Royalty that was subject to the Buy-back Right to the Vendors.

Assuming Eldorado exercises the Buy-back Right, the TZ Royalty is expected to generate approximately US\$2.4 million of average annual after-tax cash flow to Sailfish starting as early as 2019.<sup>2</sup>

## Tocantinzinho Highlights<sup>3</sup>

Tocantinzinho is a non-refractory gold project located in the prolific Tapajos district in northern Brazil.

Eldorado expects to spend \$35 million in capital during 2017. The focus will be primarily on completing construction of the access road to site, permitting, basic engineering and general site costs.

Key Facts <sup>3</sup>	
Location	Tapajos district, Para State, Brazil
Deposit	Granite hosted intrusion-related
Ownership	100% Eldorado
Mining / processing	Open pit / flotation CIP
Total production	~1.7 million oz gold
Average annual production	~170,000 oz gold
Expected production	2019
Life of mine	~10 years

### Sailfish Conceptual Cash Flow

The TZ Royalty, combined with Sailfish's cornerstone gold stream agreement on the San Albino gold project in northern Nicaragua (the "SA Gold Stream") are expected to generate potential average annual after-tax cash flow of approximately US\$7.1 million over the next eleven years assuming both projects are built in accordance with current publicly available information.<sup>4</sup>

### A Yield Focused Royalty Company

Sailfish is headquartered in the British Virgin Islands, will have very low G&A expenses and intends to pay out substantially all (~90%) of its cash flow to shareholders in dividends. The high payout ratio targeted by Sailfish stands in contrast to current publicly traded precious metals royalty companies that pay out little to none of their cash flow to shareholders.

### Marlin Provides Organic Growth to Sailfish

>In addition to the TZ Royalty and SA Gold Stream, there is a natural pipeline of royalties currently held within Marlin or that Marlin may create on its wholly owned projects and mines. The goal of Sailfish is to avoid competitive auctions for royalties and grow alongside Marlin as the portfolio of wholly owned projects and mines expands. This can include "dropping down" existing royalties held by Marlin into Sailfish, leveraging Marlin and Sailfish's exclusive relationship with Sonoran Resources LLC to provide technical services to third-party operators, and tap into the pipeline of opportunities presented to Marlin's controlling shareholder, a well-funded investor with a successful track record in the resources sector.

### Agreement to Acquire Significant Gold Royalty and Spin-out of Sailfish Webcast and Conference Call

The Company's senior management will host a conference call on Wednesday, June 28, 2017 at 4:00 PM (E.D.T.) to discuss the Company's acquisition of the TZ Royalty and subsequent plans to complete a spin-out of Sailfish to shareholders.

#### Via Webcast:

A live audio webcast of the conference call will be available using the following link <http://edge.media-server.com/m/p/oxpm9f2w> or on a link hosted on the Company's website at [www.marlingold.com](http://www.marlingold.com).

#### Via Telephone:

For those preferring to listen by telephone, please dial 1-213-358-0878 or toll-free 1-844-348-1683, access code 40997394. To ensure your participation, please call approximately ten minutes prior to the scheduled start of the call.

#### Replay Archive:

Please dial 1-404-537-3406 or toll-free 1-855-859-2056, access code 40997394. The conference call replay will expire on July 5, 2017.

The webcast, along with presentation slides, will be archived for 180 days on the Company's website.

## **About Marlin Gold**

Marlin is a growth-oriented gold and silver mining company focused on the Americas. The company owns two properties located in Sinaloa, Mexico and Arizona, USA and a portfolio of royalties. Marlin's priority is to advance its properties toward commercial production and enhance shareholder value through the growth of its wholly owned subsidiary, Sailfish Royalty Corp. Marlin is backed by a well-funded investor with a successful track record in the resources sector. The La Trinidad Mine in Sinaloa, Mexico declared commercial production on November 1, 2014 and is one of the highest-grade open pit heap leach gold mines in Mexico. A NI 43-101 mineral resource estimate and preliminary economic assessment for the La Trinidad Mine can be found at [www.sedar.com](http://www.sedar.com) or at [www.marlingold.com](http://www.marlingold.com).

## **Qualified Persons**

Joe Hinzer, P.Geo., the President and Director of Watts, Griffis and McOuat Limited is independent of Marlin, and a "Qualified Person" under NI 43-101 has reviewed and approved the written scientific and technical disclosure contained in this press release.

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

## **Technical and Third Party Information**

*The disclosure in this news release relating to properties and operations on the properties in which Marlin and Sailfish hold (or may acquire) royalty, stream or other interests is based on information publicly disclosed by the owners or operators of these properties and information/data available in the public domain as at the date hereof, and none of this information has been independently verified by the Company. Specifically, as a royalty or stream holder (or acquiror), the Company has limited, if any, access to properties included in its asset portfolio. Additionally, the Company may from time to time receive operating information from the owners and operators of the properties, which it is not permitted to disclose to the public. The Company is dependent on, (i) the operators of the properties and their qualified persons to provide information to the Company, or (ii) on publicly available information to prepare disclosure pertaining to properties and operations on the properties on which the Company holds royalty, stream or other interests, and generally has limited or no ability to independently verify such information. Although the Company does not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by operators may relate to a larger property than the area covered by the Company's royalty, stream or other interest. The Company's royalty, stream or other interests may cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property.*

## **U.S. Securities Law Matters**

*This news release does not constitute an offer of any securities of Sailfish for sale, nor a solicitation for offers to buy any securities of Sailfish. The securities of Sailfish anticipated to be spun out to Marlin shareholders as described in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. Marlin expects that the spin-out transaction will be structured to permit Sailfish to avail itself of certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. "U.S. person" and "United States" are as defined in Rule 902 of Regulation S under the U.S. Securities Act.*

## **Cautionary statement regarding forward-looking information**

*This news release contains 'forward-looking statements' within the meaning of applicable securities laws. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur, including, without limitation, the closing of the acquisition of the TZ Royalty, the anticipated spin-out of Sailfish, expectations regarding cash flow to be generated by the TZ Royalty, expectations regarding development and eventual production at Tocantinzinho*

*and San Albino, expectations regarding Sailfish's payment of dividends, expectations regarding Marlin's relationship with Sailfish and Sonoran Resources LLC, and statements relating to Eldorado's anticipated budget and focus at Tocantinzinho in 2017. These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while based on management's expectations and considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: the risk that the conditions to the closing of the transaction are not met (including the risk that the required shareholder approvals and third party consents are not obtained); the risk that the anticipated effects of the transaction may not result in the outcomes predicted by management; the risk from Tocantinzinho and San Albino may not be put into production as anticipated or at all; uncertainties related to raising sufficient financing to fund planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfill projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties, including those described in the Company's current Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com). As a result, readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this release. Unless required by law, Marlin has no intention to and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

<sup>1</sup> Subject to receipt of regulatory approvals and satisfaction of listing requirements.

Based on information provided by Eldorado & please refer to the September 2016 Analyst Day  
<sup>2</sup> Presentation. For further information on Tocantinzinho, including the September 2016 Analyst Day Presentation, please visit [www.eldoradogold.com](http://www.eldoradogold.com).

The calculation of average annual after-tax cash flow of ~US\$2.4 million to Sailfish assumes a US\$1,250/oz gold price, average annual production of ~170,000 oz gold, 1.5% NSR (post exercise of Eldorado's Buy-back Right) and a 25% Brazilian withholding tax.

Information provided by Eldorado & please refer to the September 2016 Analyst Day Presentation.  
<sup>3</sup> For further information on Tocantinzinho, including the September 2016 Analyst Day Presentation, please visit [www.eldoradogold.com](http://www.eldoradogold.com).

Please refer to footnote 2 for sources and assumptions for the TZ Royalty after-tax cash flows to Sailfish. SA Gold Stream cash flow is based on information provided by [Golden Reign Resources Ltd.](#) in its technical report titled Resource Estimate and Preliminary Economic Assessment on the San Albino Deposit, San Albino&Murra Concession, and El Jicaró Concession, Republic of Nicaragua effective January 14, 2014 and dated April 29, 2015 (the "San Albino PEA"). The San Albino PEA is preliminary in nature, it  
<sup>4</sup> includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. For more information on San Albino, please visit [www.goldenreignresources.com](http://www.goldenreignresources.com). The average annual conceptual after-tax cash flow of ~US\$4.7 million for the SA Gold Stream assumes a US\$1,250/oz gold price, no income tax in the British Virgin Islands and a 500tpd mill over the first eleven years of mine life. The total mine life assuming a 500tpd mill is 16 years as outlined in the San Albino PEA.

SOURCE [Marlin Gold Mining Ltd.](#)

## Contact

Akiba Leisman, Executive Chairman and Interim CEO  
[Marlin Gold Mining Ltd.](#)  
Telephone: 203-862-7059  
E-mail: [aleisman@marlingold.com](mailto:aleisman@marlingold.com)

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