Alexandria Minerals Sets the Record Straight on Eric Owens’ Termination and Unauthorized Financing Scheme

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- *Unwarranted attack by disgruntled, terminated former CEO Eric Owens has been initiated as a retaliation mechanism to complete unauthorized financing*
- *Mr. Owens’ investors were offered shares in the range of $0.04 cents on an after tax and after warrant cost basis, while Mr. Owens had knowledge of an active strategic transaction being considered and negotiated by AZX*
- *Mr. Owens illicitly signed two agency agreements to raise funds without the Board of Directors’ authorization and accepted investors’ funds into his personal lawyers’ trust account*
- *Mr. Owens’ proposed financing was reviewed by independent financial advisors and found to be dilutive and inferior to other alternatives being considered by AZX and NOT in the best interest of shareholders of AZX*

TORONTO, March 28, 2018 (GLOBE NEWSWIRE) -- On February 13, 2018, the Board of Alexandria Minerals Corp. (TSX-V:AZX) (OTCQB:ALXDF) (Frankfurt:A9D) (“AZX” or the “Company”) terminated Eric Owens as Chief Executive Officer for cause because, among other things, he engaged in an unauthorized financing scheme and accepted investors’ funds into his personal lawyer’s trust account. These funds were illicitly obtained without the Board’s approval and solicited to a limited network of investors selected by Mr. Owens, including his friends and family. Mr. Owens himself intended to invest in the financing at a time when he possessed non-public information about a strategic transaction under consideration by AZX.

Mr. Owens’ unauthorized financing scheme put prospective future shareholders ahead of current shareholders by significantly diluting their ownership at a price that was well below the Company’s share price. Independent financial advisors reviewed Mr. Owens’ financing scheme and unanimously concluded the terms were more dilutive for the existing shareholders in comparison to other options that the Board was considering.

Throughout the process, Mr. Owens’ actions have shown a blatant disregard for the independent members of the Board and the Company’s shareholders:

- Mr. Owens failed to present a formal proposal to the Board, including any term sheets and analysis on the amount of funds to be raised, compensation for brokers or finders and other matters generally necessary for the Board to make such a decision.
- Mr. Owens failed to provide advice from an independent third party financial advisor (as the Board did) to support his proposed alternative.
- Mr. Owens signed two agency agreements to raise $21.5 million, one at $0.06 per unit (consisting of one common share and one warrant exercisable at $0.09 for two years) and the second at $0.10 per charity flow through share having an after tax cost to investors in the range of approximately $0.03 to $0.035 per share. Assuming a $0.09 strike price, with a $0.09 share price and a two year expiration period, the warrant value would be approximately $0.02. Since November 2017, AZX shares have traded in the range of $0.055 to $0.115 per share.
- Mr. Owens received and deposited approximately $5 million of funds (of which the Company is aware) in an account with his personal lawyer’s office, despite not having authority or the requisite Board approval to do so. Mr. Owens did so even after the corporate counsel for AZX refused to open such an account due to lack of Board authorization.
- An independent investigation conducted under the supervision of the Special Committee, which ultimately resulted in Mr. Owens’ termination for cause, uncovered emails revealing that he was aware that his actions required Board approval, but proceeded regardless.

Although Mr. Owens voted in favour of establishing a Special Committee to review an offer to merge the

Company with another Canadian company, he began to criticize the Special Committee when it became clear that the Special Committee viewed the possible transaction to be more favourable to Alexandria’s shareholders than his unauthorized financing.

The independent financial advisors to the Board and the Special Committee reviewed Mr. Owens’ proposed financing scheme and compared the financing with values which might be achieved in a merger. The advisors observed that the current shareholders would be more diluted by Mr. Owens’ financing and that it was appropriate for the Company to explore a possible sale or merger prior to undertaking Mr. Owens’ proposed financing to fund AZX’s 2018 drilling program. INFOR Financial Inc. similarly recommended to Mr. Owens that the shareholders of Alexandria should be given the opportunity to opine on the merits of the proposed merger, which would be completed at a premium to the market, before pursuing more equity financings at a discount.

While the independent members of the Board have stood on the side of AZX shareholders, Mr. Owens has stood for his own personal enrichment and that of his associates by advancing an agenda that would allow them to purchase shares at a cost per share that was considerably less than the price Mr. Owens knew AZX could potentially be worth in a merger. Messrs. Owens and Antonios Dan Palikrousis have initiated legal action against certain independent members of the Board to preserve Mr. Owens’ position as CEO. Mr. Palikrousis was the beneficiary of one of the agency agreements signed by Mr. Owens in furtherance of his financing scheme and stood to collect hundreds of thousands of dollars’ worth of Alexandria shares and options in finder’s fees according to its terms. He is also the brother of a recently terminated Vice President of AZX.

As previously announced, the Board of Directors of the Company appointed a Special Committee of independent directors to, among other things, undertake a comprehensive review of strategic alternatives involving the Company. Among the alternatives being considered by the Special Committee are financing transactions and transactions that may result in the sale of the Company or substantially all of its operating assets, subject to necessary shareholder approvals. While there can be no assurance that the Company will pursue or execute any specific action or transaction, the date of the Meeting was set by the Board to allow sufficient time to complete and announce the results of the review prior to the Meeting.

Despite the unnecessary time and money that responding to Mr. Owens’ actions will require, the Board remains focused on continuing to deliver on its plan to maximize value for all shareholders.

Advisors

Kingsdale Advisors is acting as strategic shareholder and communications advisor and Bennett Jones LLP is acting as legal advisor to the Special Committee of AZX. Sprott Capital Partners is acting as financial advisor to the Board and Scotiabank is acting as the financial advisor to the Special Committee of AZX.

About Alexandria Minerals Corporation

Alexandria Minerals Corp. is a Toronto-based junior gold exploration and development company with strategic properties located in the world-class mining districts of Val d’Or, Quebec, Red Lake, Ontario and Snow Lake-Flin Flon, Manitoba. Alexandria’s focus is on its flagship property, the large Cadillac Break Property package in Val d’Or, which hosts important, near-surface, gold resources along the prolific, gold-producing Cadillac Break, all of which have significant growth potential.

WARNING: This News Release may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Alexandria Minerals Corp. relies upon litigation protection for forward-looking statements. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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