

# Kerr Mines announces US\$27.6 million project financing and makes positive production decision

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TORONTO, July 18, 2018 -- [Kerr Mines Inc.](#) (TSX:KER) (OTC:KERMF) (FRA:7AZ1) ("Kerr" or the "Company") is pleased to announce that it has signed a Letter of Intent with Pandion Mine Finance, LLC ("Pandion") for US\$27.6 million to fund the development and production of gold at the Copperstone Mine by Q4 2019.

The financing is subject to the execution of a Prepaid Forward Gold Agreement (the "Agreement"), with an anticipated initial tranche of US\$19.6 million targeted for August 2018 and a second tranche of US\$8 million in July 2019. Pandion anticipates signing a Definitive Agreement in August 2018.

The proceeds of the Agreement will be primarily used to fund the Copperstone Mine into production by Q4 2019. In addition, the Company will commence the 2018 drilling program designed to convert a significant proportion of Measured, Indicated and Inferred Resource into Proven and Probable that will extend the mine life and cash flows.

"After careful review of the financing options available, we are pleased to select Pandion Mine Finance as our funding partner", stated Claudio Ciavarella, CEO [Kerr Mines Inc.](#) "We believe the terms of this financing are competitive and create value for our shareholders. It is another key milestone that our team has achieved in just over a year since taking the helm of the Company. With this funding arrangement now in place, we are highly focused on continuing to create shareholder value and are now able to turn our attention to achieving our next targets – production in 2019, expansion of resources and mine life" continued Ciavarella.

The highlights of the Agreement are:

- US\$27.6 million financing in two tranches, US\$19.6 million in August 2018 and US\$8 million in July 2019
- The Company will deliver to Pandion a total of approximately 95,000 ounces over a 40 month period. However, no gold shall be deliverable by the Company during the first 22 months.
- Pandion will pay the Company the market price of delivered gold less a specified discount per ounce. In addition, Pandion will participate in a portion of any increase in the price of gold.
- All other production from the Copperstone will be sold at the market price.
- Additionally, Pandion would have the option to elect at any time to receive common shares of [Kerr Mines Inc.](#), at a price of \$0.40 per share, in lieu of delivery of up to 10,000 ounces of gold, subject to the prior approval of the TSX.
- Kerr will retain the right to buy out and terminate the Agreement at any time

About Pandion Mine Finance, LP

Pandion is a mining-focused investment firm backed by MKS PAMP Group and Ospraie Management, LLC that provides flexible financing solutions to developing mining companies.

About Kerr Mines Inc.

Kerr Mines is an Emerging American Gold Producer currently advancing the 100% owned, fully permitted past-producing Copperstone Mine project to production. Copperstone is a high-grade gold project located along a detachment fault mineral belt in mining-friendly Arizona. This gold project in Arizona demonstrates tremendous exploration potential targeting multi-million ounce prospects within a 4,775 hectare (11,800 acres) land package.

PDF Version of 43-101 technical report available:  
[http://kerrmines.com/wp-content/uploads/KerrCopperstone\\_PFS\\_43-101.pdf](http://kerrmines.com/wp-content/uploads/KerrCopperstone_PFS_43-101.pdf)

YouTube: Copperstone Gold Mine KER:TSX 3 min. Investor Tour Video

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#### Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements, including current expectations on the timing of the commencement of production and the rate of production, if commenced. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, the strength of the Canadian economy; the price of gold; operational, funding, and liquidity risks; the degree to which mineral resource estimates are reflective of actual mineral resources; and the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations. Risks and uncertainties about Kerr Mines's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com) and readers are urged to read these materials. Kerr Mines assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements unless required by law.

Neither TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release and no stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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