

# Southern Empire Resources Corp. Announces Closing of Qualifying Transaction

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VANCOUVER, March 18, 2020 - [Southern Empire Resources Corp.](#) ("Southern Empire"; TSX-V: SMP), formerly Owl Capital Corp. (TSX-V: OCC.P) is pleased to announce that it has closed its previously announced Capital Pool Company ("CPC") Qualifying Transaction by acquiring a 75% interest in the Oro Cruz Gold Project located in California, an 85% interest in the Eastgate Gold Project located in Nevada, USA and a 4.93% undiluted equity interest in [Bullfrog Gold Corp.](#) ("Bullfrog"), an exploration stage company listed on the Canadian Securities Exchange and OTC Markets, collectively, the "Gold Assets".

## Highlights

- Southern Empire completes \$3.27 million oversubscribed, non-brokered private placement
- Two gold projects with historical gold production and significant exploration potential acquired in the southwestern United States
- Trading to commence at the open of markets on Tuesday, March 24, 2020 - TSX-V: SMP

As a result of closing the CPC Qualifying Transaction, Owl Capital Corp. has changed its name to Southern Empire Resources Corp. and will be listed as a Tier 2 mining issuer on the TSX Venture Exchange, with the trading symbol "SMP", at the open of markets on Tuesday, March 24, 2020.

## Terms of the Qualifying Transaction

Southern Empire acquired the Gold Assets pursuant to the terms of an asset purchase agreement with Eros Resources Corp. ("Eros") and Demerara Gold Corp. ("Demerara"), together, the "Vendors". In consideration of the Gold Assets acquired from the Vendors, Southern Empire issued a total of 25,426,940 common shares as follows:

- 2,579,000 shares to the shareholders of Demerara with respect to the acquisition of a 40% interest in the Eastgate Gold Project;
- 2,901,275 shares to Eros with respect to the acquisition of a 45% interest in the Eastgate Gold Project;
- 8,545,000 shares to the shareholders of Demerara and 8,545,000 shares to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Gold Project;
- 2,856,665 shares to Eros with respect to the acquisition of 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog.

All of these shares will be subject to the escrow requirements set forth in TSX Venture Exchange Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions whereby 10% of the escrowed shares will be released on the initial listing date and 15% of the escrowed shares will be released each six month period thereafter.

## Non-Brokered Private Placement Financing

In conjunction with closing the transaction, Southern Empire has completed an oversubscribed, non-brokered private placement financing of 10,911,197 common shares (each a "Share") at a price of \$0.30 per Share for gross proceeds of \$3,273,359 (the "Offering"). These securities will be subject to a hold period expiring on July 14, 2020 pursuant to applicable Canadian securities laws and the rules of the TSX Venture Exchange.

The proceeds of the Offering will be used for exploration work on the Oro Cruz Gold Project and general

working capital purposes.

### **Appointment of New Directors and Officers**

As of the closing of the Qualifying Transaction, the existing board of directors and officers have resigned, except for James Hutton. Southern Empire's new board of directors will be Ronald Netolitzky, who has been appointed to act as Chairman, James Hutton, Bryan Slusarchuk, James Currie, Latika Prasad and Dale Wallster, who will also serve as Chief Executive Officer. Andrew Davidson will serve as Chief Financial Officer and Secretary and David Tupper as Vice President - Exploration.

### **Stock Option Grants**

Southern Empire has granted a total of 4,250,000 stock options to its directors, officers, employees and consultants. The stock options have a five-year term, are exercisable at \$0.30 per share and will vest immediately.

### **Proposed Escrow Transfers**

Southern Empire also announces that Eros has agreed to sell a total of 5,000,000 escrowed common shares of Southern Empire to James Hutton, Bryan Slusarchuk, Latika Prasad and Dale Wallster. These purchases will be subject to TSX Venture Exchange Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions.

Further, Mr. Hutton has agreed to sell a total of 2,000,000 CPC escrowed common shares to Bryan Slusarchuk and Latika Prasad. Mr. Hutton will also purchase 820,000 CPC escrowed common shares from arm's length shareholders.

### **The Oro Cruz Gold Project**

The Oro Cruz Gold Project is in the Cargo Muchacho Mountains of Imperial County, southeast California, approximately 25 kilometres (15.5 miles) northwest of Yuma, Arizona.

The Oro Cruz mine (also historically known as the Golden Cross or Tumco mine), is situated on the property approximately 14 miles southeast of the currently operating Mesquite gold mine of Equinox Gold Corp, and is a former gold ("Au") producer within the historical Cargo Muchacho - Tumco Mining District.

Historical gold mining on the Oro Cruz Property occurred during 1890-1916 and 1932-1941, producing greater than 150,000 troy ounces gold. The Oro Cruz Property was last mined for about one year during 1995 and 1996 by the American Girl Mining Joint Venture (the "AGMJV"); operated and 53%-owned by MK Gold Company, a subsidiary of Morrison Knudsen Corporation. Gold production was approximately 61,000 troy oz from oxide material extracted by both open pit and underground mining operations, before the mine closed due to low gold prices.

Extensive historical drilling at the Oro Cruz Gold Project has outlined exploration targets over an existing high-grade gold zone as well as nearby satellite deposits. Based on historical mining, the oxide gold mineralization at the Oro Cruz Gold Project is amenable to conventional heap leach extractive methods.

In 2011, Lincoln Mining Corporation reported a historical inferred resource estimate totaling 341,800 ounces gold based on 4,386,000 tonnes averaging 2.20 grams gold per tonne at a cutoff grade of 0.68 g Au/t (4,835,000 tons at 0.07 ounces gold per ton; "oz Au/ton").

This historical inferred resource estimate is disclosed in a technical report dated April 29, 2011 prepared for Lincoln Mining Corporation by Tetra Tech Inc. and is available on SEDAR. The historical mineral resource estimate, termed "inferred mineral resource", which is a category set out in NI 43-101, was based on previous drill hole, underground channel samples and blasthole assays, and calculated using ordinary kriging to estimate gold grades in 10 foot x 10 foot x 5 foot blocks.

Accordingly, Southern Empire considers this historical estimate reliable as well as relevant as it represents key targets for future exploration work. The Qualified Person of the Oro Cruz Technical Report has not done sufficient work to classify the historical estimate as a current mineral resource and Southern Empire is not treating this historical estimate as current mineral resources.

The Oro Cruz Gold Project is currently comprised of a total of 271 Bureau of Land Management unpatented

lode mining claims totaling roughly 2,160 hectares ("ha"; 5,338 acres), 13 BLM unpatented placer mining claims totaling roughly 105 ha (260 acres) and two State of California Mineral Prospecting Permits covering approximately 518 ha (1,280 acres) all located in Imperial County, California and subject to survey location related to the San Bernardino Base Line and Principal Median.

The original 20 unpatented lode claims covering the Oro Cruz mine are held pursuant to a third-party agreement. Adjacent to the Oro Cruz Gold Project are the past-producing American Girl and Padre y Madre gold mines that were operated from 1988 through 1996 by the AGMJV.

### **The Eastgate Gold Project**

The Eastgate Gold Project is located approximately 90 kilometers (55 miles) east of the city of Fallon in Churchill County, Nevada and comprises 101 unpatented BLM lode mining claims covering roughly 817 ha (2,020 acres). Eastgate features a well-developed hydrothermal quartz vein system hosting precious metals, and Southern Empire's goal is to define a high-grade, low- sulphidation epithermal gold-silver deposit. Multiple, steeply east dipping, north striking, sub-parallel quartz-adularia veins occur throughout the Eastgate Property. Between 1908-20 and 1935-57, several small-scale, narrow vein, gold and silver producers operated on the property. These included the Double Eagle and Gold Ledge mines which reported historical production from 1935-57 of 3,247 oz gold and 38,152 oz silver.

### **Securities of Bullfrog Gold Corp.**

As part of Southern Empire's plan to acquire an interest, directly or indirectly, in gold assets in California and Nevada, it has acquired, from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog, which is incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform and on the CSE. Bullfrog owns, leases and options various unpatented and patented claims that comprise the gold-focused Bullfrog Project near Beatty in Nye County, Nevada. At this stage, the securities of Bullfrog will be a non-core asset of Southern Empire.

### **Qualified Person**

David Tupper, P.Geo., is a qualified person within the context of National Instrument 43-101 Standards of Disclosure for Mineral Projects and has prepared, read and approved the technical aspects of this news release.

On behalf of the Board of Directors,

Dale Wallster, CEO and Director  
Southern Empire Resources Corp.

### **Cautionary Notice on Forward-Looking Statements**

*Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. Southern Empire cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond Southern Empire's control. Such factors include, among other things: risks and uncertainties relating to Southern Empire's limited operating history and the need to comply with environmental and governmental regulations. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, Southern Empire undertakes no obligation to publicly update or revise forward-looking information.*

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