

# REPEAT: MegumaGold and Osprey Gold Sign Definitive Agreement for Plan of Arrangement to Create a Leading Precious Metals Exploration Company in Nova Scotia

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HALIFAX, June 10, 2020 - [MegumaGold Corp.](#) (CSE: NSAU, OTC: NSAUF, FWB: 2CM2) (&ldquo;MegumaGold&rdquo;) and [Osprey Gold Development Ltd.](#) (TSXV: OS, OTCQB: OSSPF) (&ldquo;Osprey&rdquo;) are pleased to announce that, further to their joint press release on March 23, 2020, the companies have entered into a definitive agreement (the &ldquo;Arrangement Agreement&rdquo;) to merge their respective businesses pursuant to a plan of arrangement (the &ldquo;Transaction&rdquo;) to create a leading Nova Scotia precious metals exploration company focused within highly prospective and reactivated historic mining camps of Nova Scotia, Canada.

Theo Van der Linde, President of MegumaGold stated, &ldquo;We&rsquo;re incredibly pleased to have executed the definitive agreement to combine with Osprey. This consolidation forms the foundation of a company positioned to capitalize on the emerging Meguma gold camp in Nova Scotia amidst a rapidly developing gold market. MegumaGold continues to be strongly focused on acquiring high-quality targets with known gold potential within stable underexplored jurisdictions. The combination of MegumaGold&rsquo;s commanding land position in Nova Scotia and Osprey&rsquo;s existing gold deposits creates a unique synergy designed to increase shareholder value through the use of modern exploration techniques in the Meguma Gold District, adjacent to Atlantic Gold&rsquo;s mining operations acquired by St Barbara Ltd. for \$802 million cash consideration in July 2019.&rdquo;

Osprey Gold President, Cooper Quinn commented, &ldquo;The combined entity of MegumaGold and Osprey will have a leading group of assets in the region and a stronger market presence than either company could achieve alone. We look forward to leveraging the collective strengths of the new team to explore the combined portfolio of assets ranging from early stage exploration through resource expansion and development. We are very pleased with the deal we have structured and believe it offers significant benefits to Osprey shareholders.&rdquo;

Key benefits of this transaction for MegumaGold and Osprey shareholders:

- MegumaGold&rsquo;s untested target anomalies on Moose River Anticlinal Structure 4km south west of St Barbara&rsquo;s Touquoy Milling facility, combined with Osprey&rsquo;s current mineral resources completed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (&ldquo;NI 43-101&rdquo;) that are open for expansion;
- Consolidated district scale land package in Nova Scotia&rsquo;s most prospective gold mining regions;
- Strengthened balance sheet and greater ongoing access to capital;
- Capacity to create operational synergies to increase exploration efforts while streamlining programs and budgets;
- Significantly strengthened management and leadership team with balanced and complimentary skillsets; and
- Broader in-house technical expertise.

## Nova Scotia

Nova Scotia is currently experiencing a resurgence in gold exploration, predominantly as a result of the St Barbara Ltd. acquisition of Atlantic Gold and its Moose River Consolidated Project in July 2019 for C\$802 million cash consideration. The Moose River Consolidated Project is currently producing gold from the Touquoy open-pit mine located approximately 10 km south of Osprey&rsquo;s Caribou Project and 4 km east of MegumaGold&rsquo;s Touquoy West Project.

## Details of the Transaction

Pursuant to the terms of the Arrangement Agreement, MegumaGold will acquire all of the issued and

outstanding shares of Osprey (the "Osprey Shares"). Each shareholder of Osprey will receive such number of common shares of MegumaGold (the "Meguma Shares") as is equal to the product of the number of Osprey Shares held by such shareholder at an exchange ratio which equals one (1) Meguma Share per two (2) Osprey Shares outstanding at the closing of the Transaction.

The Arrangement Agreement provides that unexercised Osprey options and share purchase warrants will be assumed by MegumaGold and will: (i) remain outstanding for their full term, and (ii) following the closing date of the Transaction, entitle the holder thereof to acquire MegumaGold Shares in lieu of Osprey Shares, in such number and at such exercise price as shall be adjusted based on the exchange ratio inherent in the Transaction, and otherwise on the same terms and conditions as existed prior to the Transaction.

Osprey will have the right to appoint 2 members to the board of directors of the resulting issuer, with the total number of members of such board of directors to be initially set at 5. Osprey shall also contribute management personnel to the resulting issuer.

MegumaGold currently has 102,780,640 outstanding shares and 31,364,506 shares reserved for issuance under incentive stock options and warrants. As of today's date, without inclusion of including any of MegumaGold's current shareholdings in Osprey, it is anticipated an aggregate of 36,671,166 common shares of MegumaGold are anticipated to be issued to Osprey shareholders, along with incentive stock options and warrants entitling Osprey shareholders to acquire a further 16,303,567 common shares of MegumaGold.

Based on the foregoing and assuming no outstanding common shares or warrants of Osprey are exercised prior to closing and before giving effect to any concurrent financing, the resulting issuer from the Transaction will have 139,451,806 shares issued and outstanding, of which former shareholders of Osprey will hold approximately 26.3% of the issued and outstanding common shares of the resulting issuer (27.4% of the common shares of the resulting issuer on a fully diluted basis).

The Transaction was negotiated at arm's length, will be implemented by way of a statutory plan of arrangement pursuant to the *Business Corporations Act* (British Columbia). The Transaction is subject to the approval of two thirds of the votes cast by the holders of Osprey's common shares present in person or represented by all at a special meeting of the Osprey shareholders. The Transaction is expected to close shortly thereafter following receipt of all shareholder, court, certain third-party and stock exchange approvals. Further details as to the proposed record date and meeting date for Osprey's special meeting of shareholders will be disclosed in due course. It is not anticipated that MegumaGold shareholders will be required to approve the Transaction.

#### Other Matters

The Transaction is subject to customary closing conditions, including approval by the shareholders of Osprey, obtaining all governmental, regulatory, TSX Venture Exchange ("TSXV"), Canadian Securities Exchange ("CSE"), and other third-party approvals which are necessary in order to allow the parties to complete the Transaction including court approval of the plan of arrangement. The Transaction cannot close until all of these conditions are met. There can be no assurance that the Transaction will be completed as proposed or at all.

Upon closing of the Transaction, the resulting issuer is expected to be listed for trading on the CSE.

#### MegumaGold files NI 43-101 Technical Report

MegumaGold is also pleased to announce that it has filed an NI 43-101 technical report (the "Technical Report") on its Meguma gold properties in Nova Scotia. The Technical Report was prepared by Mercator Geological Services Ltd. and is titled "NI 43-101 Technical Report on the Meguma Gold Properties, Nova Scotia, Canada" with an effective date of April 30, 2020. The Technical Report can be found under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### Qualified Person Statement

This press release has been reviewed and approved by Regan Isenor, Chief Executive Officer of MegumaGold Corp. Paul T'ni're, M.Sc., P.Geo. of Mercator Geological Services Ltd. and Perry MacKinnon, P.Geo., Vice President of Exploration of Osprey, both "Qualified Persons" as defined under NI 43-101, have prepared and approved the scientific and technical information disclosed in this press release.

#### About MegumaGold Corp.

MegumaGold Corp. (CSE: NSAU, OTC: NSAUF, FWB: 2CM2) is a Canadian junior gold exploration company engaged in the business of acquiring, exploring and developing natural resource properties. MegumaGold has centered its exploration focus on the developing Meguma Formation of Nova Scotia. As a result, MegumaGold has assembled a strategically positioned, district-scale tenure position of 107,114 hectares within the Meguma Gold District. For additional information, please visit MegumaGold's website: <http://www.MegumaGold.com>.

#### About Osprey Gold

Osprey (TSXV: OS, OTCQB: OSSPF) is focused on exploring five historically producing gold properties in Nova Scotia, Canada. Osprey has the option to earn 100% (subject to certain royalties) in all five properties. For additional information, please visit Osprey's website: [www.ospreygold.com](http://www.ospreygold.com).

For more information, please contact:

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#### Forward-Looking Statements and Cautionary Language

*All statements in this presentation, other than statements of historical fact, are "forward-looking information" with respect to MegumaGold and Osprey within the meaning of applicable securities laws including, without limitation economic estimates and any statements related to the proposed transaction, proposed board and management changes and shareholder and exchange approvals. MegumaGold and Osprey provide forward-looking statements for the purpose of conveying information about current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. These risks and uncertainties include but are not limited to exploration findings, results and recommendations, results of due diligence investigations, ability to raise adequate financing, shareholder and exchange approvals in respect of the transaction and unprecedented market and economic risks associated with current unprecedented market and economic circumstances due to the COVID-19 pandemic, as well as those risks and uncertainties identified and reported in MegumaGold's and Osprey's public filings under its respective SEDAR profile at [www.sedar.com](http://www.sedar.com). Although MegumaGold and Osprey have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. MegumaGold and Osprey disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.*

#### UNITED STATES ADVISORY

*The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), have been offered and sold outside the United States to eligible investors pursuant to Regulation S promulgated under the U.S. Securities Act, and may not be offered, sold, or resold in the United States or to, or for the account of or benefit of, a U.S. Person (as such term is defined in Regulation S under the United States Securities Act) unless the securities are registered under the U.S. Securities Act, or an exemption from the registration requirements of the U.S. Securities Act*

*is available. Hedging transactions involving the securities must not be conducted unless in accordance with the U.S. Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in the state in the United States in which such offer, solicitation or sale would be unlawful.*

Neither the CSE nor TSXV has approved or disapproved the contents of this news release or passed upon the merits of any of the transactions described herein, including the Transaction.

Neither the CSE, TSXV nor their Regulation Services Providers (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

A photo accompanying this announcement is available at  
<https://www.globenewswire.com/NewsRoom/AttachmentNg/2fbfeaba-472f-4331-8504-af3183519c07>

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