

# Trillium Gold and Pacton Gold Combine to Create Dominant Strategic Land Position in Red Lake

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VANCOUVER, March 16, 2023 - [Trillium Gold Mines Inc.](#) (TSXV: TGM, FRA: 0702) ("Trillium") and Pacton Gold Inc. (TSXV: PAC, OTC: PACXF, FSE: 2NKM) ("Pacton") are pleased to announce that they have entered into an arrangement agreement dated March 15, 2023 (the "Agreement") to combine the two companies to create the leading gold explorer and dominant strategic land holder, over 15 projects covering over 1,260 km<sup>2</sup> in the prolific Red Lake Mining District of Northern Ontario (the "Transaction").

Under the terms of the Agreement, Trillium and Pacton will merge on an at-market basis, with each common shareholder of Pacton (each, a "Pacton Shareholder") entitled to receive 1.275 common shares of Trillium (each whole such common share, a "Trillium Share") in exchange for each Pacton common share held (each, a "Pacton Share"). Upon completion of the Transaction, existing Trillium and Pacton shareholders will own 53% and 47%, respectively, of the combined company.

## Transaction Highlights

- Establishes dominant and strategic land position in the prolific Red Lake Mining District: With over 1,260 km<sup>2</sup> of properties extending across the Red Lake Mining District, the combined company's property holdings will be larger than major gold producers in the district such as Evolution Mining Limited ("Evolution") and Kinross Gold Corporation ("Kinross").
- Substantial synergies: The companies expect material cost savings and synergies from the consolidation of corporate overheads and exploration programs across this prolific mineral district. Pacton's Red Lake Gold Project is located within 20 km of Trillium's Newman Todd Complex and the western portion of its Confederation Belt properties. In addition, Trillium's Leo and Pakwash properties are located immediately south of Pacton's Dixie and Pakwash properties.
- Enhanced capital markets profile: The proposed Transaction will result in a greater combined market capitalization and an expanded institutional investor base. Shareholders are also expected to benefit from enhanced trading liquidity and a more robust treasury following completion of the Transaction.
- Proven leadership and technical team with expanded board: The combined company's forward leadership and technical team represents over 150 years of exploration and corporate development experience, with several senior geologists each having decades of exploration expertise in the Red Lake Mining District. The proposed Transaction will also add two experienced directors from Pacton to Trillium's existing board, increasing board depth and providing continuity for Pacton Shareholders.

Russell Starr, President, CEO and Director of Trillium, commented, "This combination literally changes the map of the prolific Red Lake Mining District. With the addition of Pacton's neighbouring projects, Trillium will become the leading strategic landholder in the region. With over 1,260 km<sup>2</sup> of prospective ground, we will effectively increase and diversify our opportunities, while realizing financial and operating synergies. Being the most dominant and strategic land holder in the jurisdiction for gold, we will also seek to leverage the lithium and critical element opportunities that exist throughout the combined land package."

Nav Dhaliwal, President, CEO and Director of Pacton, further commented, "The combination of Trillium and Pacton represents an all too rare outcome in our sector - real synergy. Our projects are proximal, our corporate philosophies are consistent and cost efficiencies will be realized. The new company shall be properly diversified and well positioned to achieve exploration success, while putting under one roof an extensive land position that we expect will present strategic value to other players in the industry."

## Benefits to Trillium Shareholders

- Increases Trillium's land holdings in the Red Lake Mining District by over 36,000 hectares (40% growth).

- Addition of Pacton's Red Lake Gold Project, which is a 28,000 hectare land package located in the heart of the Red Lake gold camp between Kinross' Great Bear gold project (acquired in February 2022 from Great Bear Resources for US\$1.4 billion) and Evolution's Red Lake Operations.
- Leverages the significant work completed by Pacton at the Red Lake Gold Project, including 79 drill holes totaling 26,719 m and 1,011 surface samples. In 2022, a 15-hole drill program totaling 5,698 m intersected multiple high-grade gold targets, including 0.5 m of 17.2 g/t Au, of which high-grade surface samples included 126.5 g/t Au and 23.3 g/t Au. Pacton also identified a 2 km long gold-bearing trend at the Claremont Target, which has widespread, anomalous gold with exposed zones that are up to 60 m long and 50 m wide.
- Addition of Pacton's 46.7% interest in the Sidace Project pursuant to its joint venture with Evolution. Sidace is an 8,600 hectare property located at the northern extent of the Red Lake Greenstone Belt. Over 80,000 m of past and recent drilling have defined three zones of high-grade and widespread gold mineralization. In 2021, 17 of the 18 holes drilled at Sidace intercepted gold, including 9.0 g/t Au over 2.3 m, 1.3 g/t Au over 75.2 m, 1.5 g/t Au over 61.2 m and 20.6 g/t Au over 1.0 m.
- Pacton has a strong existing balance sheet of cash and cash equivalents.

#### Benefits to Pacton Shareholders

- Ownership in a larger, more diversified gold exploration company with substantial exposure to over 89,600 hectares of prospective properties in the Red Lake Mining District.
- Trillium's extensive Confederation Belt property holdings spans over 115 km along favourable structures, which is several times larger than Kinross' LP Fault Zone. In addition to gold targets, these properties have substantial potential to host significant critical metals including copper, nickel, cobalt, lithium, zinc, molybdenum, indium and gallium.
- Trillium's greater Newman Todd project hosts over 20 high-grade zones and has a sizable historic NI 43-101 resource estimate. More than 31,000 m of drilling over 2020 to 2022 has been completed by Trillium, targeting high-grade veins with comparable widths to historical drilling (>55,000 m up to 2013), on the Newman Todd and Rivard projects, located 26 km from Evolution's Red Lake Operations.
- Enhanced market capitalization in combination with research coverage, a strong institutional and retail investor base, and greater trading liquidity.

#### Transaction Procedures

The proposed merger will be completed by way of plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia) resulting in Pacton becoming a wholly owned subsidiary of Trillium. The Transaction will require approval of at least 66 2/3 percent of the votes cast by shareholders of Pacton at a special meeting of shareholders expected to be held in the second quarter of 2023 (the "Pacton Meeting"). All of the directors and senior officers of Pacton have entered into voting and support agreements with Trillium in support of the Transaction.

The Arrangement will also provide for the issuance of Trillium stock options to Pacton optionholders in exchange for their existing Pacton options. Pacton optionholders who do not exercise their Pacton options prior to the effective time of the Arrangement will receive Trillium stock options to purchase Trillium common shares, in number and at exercise prices adjusted by the exchange ratio. Under the Arrangement, all existing warrants of Pacton will become exercisable to acquire Trillium common shares, in number and at exercise prices adjusted by the exchange ratio.

The Agreement includes customary provisions including non-solicitation provisions, a right for Trillium to match any superior proposal, and a termination fee payable in certain circumstances. Currently there are 79,586,665 Trillium shares issued and outstanding. Upon closing of the Transaction Trillium is expected to have 149,070,735 shares issued and outstanding. Full details of the Transaction will be included in the management information circular of Pacton describing the matters to be considered at the Pacton Meeting, which is expected to be mailed to the Pacton Shareholders in the second quarter 2023, and made available on SEDAR under Pacton's issuer profile at [www.sedar.com](http://www.sedar.com).

The Transaction is a result of arm's length negotiations between the parties and there is no finder's fee associated with the Transaction. Financial advisors to Pacton are expected to receive advisory fees customary of transactions of this nature which will be described in more detail in Pacton's management information circular in respect of the Transaction.

#### Board of Directors' Recommendations

The Board of Directors of Pacton has unanimously approved the proposed Transaction and unanimously recommends that Pacton Shareholders vote in favour of the proposed Transaction. Haywood Securities Inc. has provided a fairness opinion to the Board of Directors of Pacton stating that, as of the date hereof, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be received by Pacton Shareholders pursuant to the proposed Transaction is fair, from a financial point of view, to the Pacton Shareholders.

Additionally, the Board of Directors of Trillium has unanimously approved the proposed Transaction.

#### Board and Management

It is intended that, upon the closing of the Transaction, the Board of Directors of the combined company will consist of six members, of which two members shall be selected by Pacton and four members shall be selected by Trillium.

#### Qualified Persons

William Paterson, P.Geol., VP Exploration of Trillium, is a Qualified Person as defined under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Mr. Paterson has reviewed and approved the scientific and technical information in this press release relating solely to Trillium.

Dale Ginn, P.Geol., Executive Chairman of Pacton, is a Qualified Person as defined under NI 43-101. Mr. Ginn has reviewed and approved the scientific and technical information in this press release relating solely to Pacton.

#### Advisors and Legal Counsel

Red Cloud Securities Inc. is acting as financial advisor to Trillium and its Board of Directors. Fasken Martineau DuMoulin LLP is acting as legal counsel to Trillium.

Haywood Securities Inc. is acting as financial advisor to Pacton and its Board of Directors. Cozen O'Connor LLP is acting as legal counsel to Pacton.

#### Webcast

Trillium and Pacton will host a joint webcast tomorrow, March 17, 2023 at 1:00 p.m. Eastern Time / 10:00 a.m. Pacific Time to discuss the Transaction.

Login to the webcast: <https://redcloudfs.com/rcwebinar-tgm-3>

#### About Trillium Gold Mines Inc.

[Trillium Gold Mines Inc.](#) is a growth focused company engaged in the business of acquisition, exploration and development of mineral properties located in the Red Lake Mining District of Northern Ontario. As part of its regional-scale consolidation strategy, the Company has assembled one of the largest prospective land packages in and around the Red Lake mining district in proximity to major mines and deposits, as well as along the Confederation Lake and Birch-Uchi greenstone belts. The Company recently closed acquisitions effectively extending its contiguous land position over more than 100 km of favourable structures on trend with Kinross Gold's Great Bear Project and Evolution Mining's Red Lake Operation. In addition, the Company has interests in highly prospective properties in Larder Lake and Shining Tree, Ontario.

Visit Trillium's website at [www.trilliumgold.com](http://www.trilliumgold.com).

## About Pacton Gold Inc.

Pacton Gold is a Canadian exploration company with key strategic partners focused on the exploration and development of high-grade mineral resource properties in Ontario, Canada. The Company also owns a strategic portfolio of prospective projects in Western Australia.

Visit Pacton's website at [www.pactongold.com](http://www.pactongold.com).

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*Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The companies disclaim any intention or obligation, except to the extent required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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