

Southern Empire Expands the Oro Cruz Gold Project, California

14.09.2020 | [CNW](#)

VANCOUVER, Sept. 14, 2020 - [Southern Empire Resources Corp.](#) (Southern Empire; TSX-V: SMP; Frankfurt: 5RE) announces that it has added to its Oro Cruz Gold Project by acquiring 116 hectares (ha; 287 acres) of mineral dispositions, including privately-owned patented mining claims covering the former gold producing American Girl Mine.

Highlights of the American Girl Mine Property Transaction

The acquired American Girl Mine Property:

- comprises 100% ownership of 7 privately-owned, patented lode mining claims and 10 BLM administered claims
- covers 116 ha including the formerly-producing American Girl gold mine operations that produced more than 500,000 oz gold from four underground and four open pit deposits
- has significant exploration potential for underground high-grade, oxide gold mineralization
- is subject to no royalty interests
- covers mine waste dumps which may, at current gold prices, present an opportunity to develop a resource in a manner similar to the conversion of waste dumps to resources by Equinox Gold Corp. at their nearby Mesquite Gold Mine

Dave Tupper, Southern Empire's VP of Exploration stated: "The acquisition of the historical American Girl mine property not only gives Southern Empire a strategic holding of privately-owned land, but significantly adds to the exploration potential of the Oro Cruz Gold Project. More than 500,000 ounces of gold have been produced from historical American Girl mining operations, with the last production occurring in 1996. We believe that there may be significant gold still along extensions both down dip and along strike from the American Boy, B-Zone and C-Zone underground deposits that were not were mined at historical gold prices."

A full compilation of the available data is underway, which will lead to the development of the initial work program this fall.

History of the American Girl Mine Property Operations

Placer gold was mined in the vicinity of the American Girl Mine Property, in the Padre y Madre Valley of the Cargo Muchacho Mountains, by Spanish mission colonists as early as the 1780's.

The American Girl Mine, discovered in 1892, was and mined intermittently until 1939. During the 1930's, an estimated 80,000 oz of gold were produced by underground room and pillar mining methods from the from an area that is now encompassed by the exhausted American Girl open pit mine.

In the early 1980's, Newmont Exploration Ltd. acquired the rights to claims in the American Girl Canyon area and began an exploration program that discovered multiple gold-enriched zones that were both open pit and underground mining targets.

Eastmaque Gold Mines, Ltd. formed the American Girl Mining Corporation, purchased the American Girl property from Newmont in 1986 and began mine development.

Mining activity began with the open pit, oxide heap leach operations of the Padre y Madre west deposit, about 1.7 km from the American Girl deposit. During 1987 and 1988 the first American Girl underground

deposit was accessed via a decline with the use of a contractor, Morrison Knudsen Corporation.

In 1989, Eastmaque created a joint venture with Morrison Knudsen who became the operating partner in 1990 when commercial underground mining started. The underground development of the American Girl B-Zone mine began in February of 1990 and reached full production in July of 1991.

Underground production was ultimately achieved from four distinct mineralized bodies: B-Zone, American Boy, American Girl Southwest Extension and C-Zone. The C-Zone mine was developed from the abandoned C-Zone open pit starting in 1993.

Morrison Knudsen's gold mining endeavours were vended into a publicly traded company known as MK Gold Company in 1993. The American Boy deposit was exhausted in early 1995 and B-Zone, Southwest Extension and the C-Zone production ended in early 1996.

The development of the Oro Cruz mine began in early 1995 with production commencing during the second half of 1995 and ending in 1996 as gold prices declined.

Terms of the Transaction

Pursuant to a Purchase and Sale Agreement and subject to acceptance by the TSX Venture Exchange, Southern Empire will acquire a 100% interest in the American Girl mine property by paying a total of USD \$330,000 to Mackenzie Corporation, a Nevada entity controlled by Dale Wallster, the CEO and a director of Southern Empire. As a result, the transaction is subject to Multilateral Instrument 61-101 - Protection of Minority Holders in Special Transactions. The transaction was reviewed and unanimously approved by Southern Empire's Board of Directors. The acquisition will be exempt from the formal valuation and minority approval requirements of Multilateral Instrument 61-101 - Protection of Minority Holders in Special Transactions as the fair market value of the transaction and the consideration paid will not exceed 25% of Southern Empire's market capitalization. The consideration paid to Mackenzie Corporation was equal to its original acquisition costs of the property.

Work Programs During the COVID-19 Pandemic

Although many BLM, state and county offices are currently closed, their staff have established measures to provide services remotely. Timing of Southern Empire's exploration programs will be contingent on governmental regulations regarding the COVID-19 pandemic and also the availability of exploration-related personnel, drill contractors, equipment, lodging, et cetera. Southern Empire will adhere to COVID-19 directives regarding safe working practices putting worker, community and national safety first and will proceed with exploration and development work programs only if potential COVID-19 risks can be effectively managed.

About Southern Empire Resources Corp.

Southern Empire is focused on the acquisition, exploration and development of gold deposits in North America.

In the Cargo Muchacho mountains of Imperial County, southeast California, Southern Empire owns the American Girl Mine Property and holds options to acquire a 100% interest in the 2,160 hectares (5,338 acre) Oro Cruz Property located approximately 22.5 kilometres (km; 14 miles) southeast of the operating Mesquite gold mine of Equinox Gold Corp.

With a history that includes extensive drilling and large-scale open pit and underground mining by the American Girl Mining Joint Venture (53 per cent owned by MK Gold Co., a subsidiary of Morrison Knudsen Corporation, and 47 per cent owned by [Hecla Mining Company](#)), which was suspended during the gold market downturn in 1996, the Oro Cruz Gold Project hosts many exploration targets in addition to a high-grade oxide gold zone that, based on the historical mine operation records, is amenable to conventional heap leach extractive methods.

