

# Melkior Announces \$110 Million Option/JV Agreement with Kirkland Lake Gold to Earn up to 75% of Carscallen

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[Melkior Resources Inc.](#) ("Melkior" or the "Company") (TSXV:MKR) is pleased to announce the closing of a strategic partnership with [Kirkland Lake Gold Ltd.](#) ("Kirkland"). Under the terms of an option agreement entered into between the Company and Kirkland (the "Option Agreement"), Melkior has granted Kirkland the right to earn-in up to a 75% interest in the Carscallen Project located 25 kilometres west of Timmins (the "Property"). Kirkland will also be granted the right to acquire up to 1,250,000 Units of the Company on a private placement basis.

## Option to Earn-In and Joint Venture

Under the terms of the Option Agreement, Kirkland has an option to earn a 50% interest in the Property in consideration for completing \$10 million in exploration expenditures over a period of five years (the "Phase 1 Expenditures"). Kirkland has a minimum commitment of \$3 million during the first two years of the Option Period (the "Minimum Commitment"), which includes \$1.5 million and a minimum of 3000 meters of drilling to be completed in the first year. Kirkland will act as the Operator of the Property during the Option Period. All expenditures beyond the Minimum Commitment are optional. Should Kirkland fail to incur the Phase 1 Expenditures during the Option Period, Kirkland's option to acquire the 50% interest shall expire.

Upon Kirkland completing the Phase 1 Expenditures and earning its 50% interest, the parties shall enter into a joint venture agreement to carry on operations with respect to the Property (the "Joint Venture"). Upon the formation of a Joint Venture, Kirkland will have the right to earn an additional 25% interest in the Property by incurring exploration expenditures of \$100 million within the first five years of the formation of the Joint Venture. Any additional funds required beyond the \$100 million will be contributed by the joint venture parties based on their proportional joint venture interests (75%/25%).

## Private Placement

As originally announced May 20, 2020 and further announced in July and August 2020, Melkior announces it has closed a subscription by Kirkland of 1,250,000 units of the Company at a price of \$0.80 per unit (a "Unit") on a private placement basis for total gross proceeds of \$1 million. Each Unit will consist of one common share and one common share purchase warrant (a "Warrant"). Each Warrant will entitle Kirkland to purchase one additional common share of the Company at a price of C\$1.20, for a period of two years from the date of issue.

Kirkland shall have the right to acquire up to 19.9% in the Company in the future by way of either secondary market purchases or future private placement financings. For as long as Kirkland holds a minimum equity interest of 5%, Kirkland shall maintain anti-dilution rights with respect to certain future share issuances by the Company.

Kirkland shall have rights of first refusal and rights of first offer with respect to any potential joint venture agreements, sale agreements or royalty agreements to be entered into between the Company and third parties, with respect to the Property and/or future acquired property interests, for so long as Kirkland holds an interest in the Company of 5% or greater.

Subject to the required TSXV approvals and ratification of approval by the shareholders of Melkior, Kirkland shall be provided with a right to have its designated board nominee appointed to the Board of Melkior, for so long as Kirkland holds an interest in the Company of 5% or greater.

The private placement is subject to compliance with applicable securities laws and to receipt of regulatory approval. All securities issued under the Private Placement will have a hold period of four months and a day from closing.

Jonathon Deluce, Chief Executive Officer of Melkior Resources, commented:

"We are extremely excited to close this landmark equity investment and option agreement with one of the world's most respected gold mining companies. With Kirkland Lake Gold committing \$3 million with the potential of \$110 million in work commitments over the next five to ten years to attain a 75% interest in the Carscallen Project, our shareholders now have the upside of discovery with limited further share dilution to advance the project. The Carscallen Project shares a 9km border with the West Timmins Mine which had previously been managed by Tony Makuch during his tenure as President and CEO of Lakeshore Gold, the prior owner.

It will be exciting in the coming months and years to watch the progress of the Carscallen Project, which has proven to be a very high-grade gold system with indications of having VMS discovery potential. Melkior shareholders now have the upside of having a world-class operator take the Carscallen gold project to the next level by committing \$3 million with the potential of \$110 million in exploration expenditures over the next ten years to earn up to 75% interest in the project.

The deal signifies that there will be limited further equity dilution required to advance the project. Kirkland Lake CEO, Tony Makuch, and Senior Vice President of Exploration, Eric Kallio alongside the rest of the KL's technical team have a comprehensive understanding of the geological setting within the Timmins gold camp, which we felt as a Board made this the perfect fit.

We want to thank our long-standing shareholders as we welcome Kirkland Lake Gold as a strategic partner".

ON BEHALF OF THE BOARD

Jonathon Deluce, CEO

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The reader is invited to visit Melkior's web site [www.melkior.com](http://www.melkior.com).

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