

Aya Gold & Silver Signs Binding Agreement to Acquire Algold Resources

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Montreal, Feb 19, 2021 - [Aya Gold & Silver Inc.](#) (TSX: AYA) ("Aya" or the "Corporation") is pleased to announce that, in the context of the Proposal made by Algold Resources Ltd. ("Algold"), it has entered into a binding term sheet (the "Investment Agreement") with Algold pursuant to which Aya would fund Algold's Proposal to its creditors ("the Proposal") and at closing, would become the sole shareholder of Algold (the "Transaction").

Under the terms of the Investment Agreement, Aya will provide Algold with C\$100,000 in cash and C\$2,500,000 in Aya shares to fund Algold's Proposal. Aya will also provide C\$2,400,000 in Aya shares to be distributed to Algold current shareholders with a view to become Algold's sole shareholder.

On January 11, 2021, Aya announced that it had become the sole secured creditor of Algold by acquiring its approximately C\$10,000,000 secured debt for a consideration of 2,133,333 Aya common shares at a then agreed-to value of C\$3 a share. Since then, Aya has made several secured advances and payments in the context of Algold's restructuring that are expected to total approximately C\$2,900,000 at the time of closing of the Transaction.

All considered, the Transaction values Algold at C\$14,700,000, including transaction costs, which would be paid C\$2,900,000 in cash and C\$11,800,000 in shares of Aya (collectively referred to as the "Transaction Consideration").

Transaction Rationale

- Provides a fully permitted, near-term gold asset: The Tijirit Project is fully permitted allowing the Corporation to quickly complete a feasibility study, move to a first phase of production and provide a second producing asset within the next 2 years.
- Well-known project and jurisdiction to Aya management: Aya technical and geological teams are familiar with the Tijirit Project, which will enable them to quickly execute the requisite work to move the project into construction.
- Fits within its non-silver assets: Tijirit provides a low cost, near-term, precious metals project to add to Aya's non-silver portfolio, which includes Boumadine, Azegour and Amizmiz.
- Exploration upside: Aya's ability to fund exploration programs to test numerous, high-priority targets within a 150km² land package, which contains potential high-grade zones, provides an opportunity to unlock value from an underexplored land package.
- Jurisdiction diversification and operational efficiencies: Tijirit offers geographic diversification with the ability to leverage relationships with existing suppliers and employees in Morocco in its execution.

"This transaction allows Aya to opportunistically acquire a near-term precious metals asset to add to our non-silver portfolio of assets at an attractive cost. We believe this is a rare opportunity to leverage our understanding of the Tijirit Project to unlock value for all shareholders through the development of the Tijirit Project as well as a right-sized exploration program in a proven gold district," said Benoit La Salle, President & CEO of Aya Gold & Silver. "We look forward to continuing our strong relationship with the Government of Mauritania to ensure that Tijirit's continued development benefits all stakeholders."

Tijirit Project Highlights

Tijirit is a development-stage gold deposit located in northwestern Mauritania, approximately 275 kilometers

north of the capital Nouakchott and 25 kilometers southeast of the Tasiast Gold Mine. TIREX SA, Algold's local 75%-owned subsidiary, holds a 26-year mining permit comprising five zones over a 150 square-kilometer area.

Algold published an NI 43-101 preliminary economic assessment ("PEA"), with an effective date of March 9, 2018. Under its PEA, Tijirit would generate a pre-tax net present value ("NPV") of \$94.9 million at an 8% discount rate with an internal rate of return ("IRR") of 28.4% using a gold price of \$1,250 per ounce.

Three zones host M&I resources totaling 3.2 million tonnes ("Mt") grading 1.64 grams per ton (g/t) gold ("Au") for 169,000 ounces (Eleonore 0.72Mt @ 4.08 g/t Au for 94,000 ounces Au) and 10.5Mt of inferred resources grading 1.92 g/t Au for 649,000 ounces Au (Eleonore 3Mt @ 4.07 g/t Au for 395,000 ounces Au), as per the PEA.

Subsequent to filing the PEA, Algold has drilled an additional 23,590 meters on the property.

Tijirit Objectives

The mining permit requires the Corporation to produce a feasibility study by January 19, 2022 and commission the first phase of production by November 19, 2022. As such, the Corporation is currently conducting field and desk work to produce the feasibility study. Additionally, the Corporation intends to update the Tijirit resource model shortly after the closing of the Transaction with the inclusion of an additional 23,590 meters that have been drilled on the property since estimation of the 2018 resource. In 2021, the Corporation intends to drill 15,000 meters on the Tijirit property with the aim of converting resources to reserves to support the feasibility study.

In 2021, the Corporation expects to spend US\$5.9 million on Tijirit, of which US\$3.5 million is expected to be on drilling and geology and US\$1.5 million on engineering and field work.

Board of Directors' Recommendations

The Investment Agreement has been unanimously approved by the independent members of the Board of Directors of Algold. The Board of Directors of Aya has received a presentation from Sprott Capital Partners LP that concluded that, as of the date thereof and subject to the assumptions, limitations and qualifications set forth therein, it was of the opinion that the Transaction Consideration to be paid by Aya under the Transaction is fair, from a financial point of view, to Aya's shareholders. Benoit La Salle and Yves Grou both abstained from voting on this matter. The Transaction has also been unanimously approved by the independent non conflicted members of the Board of Directors of Aya.

Transaction Conditions and Timing

Under the Investment Agreement and as part of the Proposal, all existing shares of Algold shall be cancelled and Aya will subscribe for 100% of the newly issued and outstanding common shares in the capital of Algold (the "New Shares").

The closing of the Transaction is subject to a number of Conditions Precedent, including and not limited to:

- The approval of Algold's Proposal by its creditors;
- The authorization and filing of a corporate reorganization of the capital structure of Algold, to the entire satisfaction of Aya, in accordance with section 191 of the Canada Business Corporations Act (the "CBCA");

- The issuance of an approval order by the Court, in form and substance satisfactory to Aya, approving the Proposal under sections 50, 59(4) and 66(1.4) of the Bankruptcy and Insolvency Act, which order shall include provisions regarding the CBCA Reorganization amongst others, and which shall not have been stayed and no appeal therefrom is outstanding; and
- The Toronto Stock Exchange (TSX) approving the issuances of Aya shares provided hereunder.

The Aya shares to be issued under the Proposal and the Transaction will be subject to a hold period expiring on the date that is four (4) months and one day from the issuance of such shares.

A meeting of Algold's creditors will take place on March 5, 2021 during which the Proposal, which includes a CBCA Reorganization, will be voted on by the creditors.

The Transaction is expected to close on or around April 15, 2021.

Further details regarding the Proposal can be found on the Trustee's website at

<https://www.raymondchabot.com/fr/entreprises/dossiers-publics/algold-resources-ltd/>

Related-Party Transaction Exemption

Pursuant to Regulation 61-101 Respecting Protection of Minority Security Holders in Special Transactions ("Reg. 61-101"), entering into the Investment Agreement is technically considered a "related party transaction" as, even if their participation is minimal considering the overall transaction, shares will be issued to insiders of Aya. Aya is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Transaction contemplated by the Investment Agreement by virtue of sections 5.5(a) and 5.7(1)(a), respectively, of Reg. 61-101, as neither the fair market value of the subject matter of the Investment Agreement, nor the fair market value of the aggregate consideration paid to the insiders exceeds 25% of the Aya's market capitalization as calculated in accordance with Reg 61-101.

Management Team and Board of Directors

No changes to the management team or to the Board of Directors of Aya will be made with this Transaction.

Advisors and Counsel

Dentons Canada LLP is acting as Aya's legal advisor.

Lapointe Rosenstein Marchand Melançon LLP is acting as legal advisor to Algold. Raymond Chabot Inc. is acting as the Proposal Trustee for Algold.

About Aya Gold & Silver Inc.

[Aya Gold & Silver Inc.](#) is a publicly traded Canadian company focused on the operation, exploration, acquisition, and development of silver and gold deposits. Aya is currently operating mining and milling facilities at its Zgounder Silver Mine, an 85%-15% joint venture between its subsidiary, ZMSM, and the Office National des Hydrocarbures et des Mines ("ONHYM") of the Kingdom of Morocco.

Its mining portfolio also includes the Boumadine polymetallic deposit located in the Anti-Atlas Mountains of Eastern Morocco which is also a joint venture with ONHYM wherein Aya retains an 85% ownership. Additionally, the Corporation's portfolio includes the Amizmiz and Azegour properties, both being 100% owned, with gold, tungsten, molybdenum and copper occurrences in the center of a historical mining district of Morocco.

For additional information, please visit Aya's website at www.ayagoldsilver.com.

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Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "would", "expected", "will", "provide", "quickly", "upside", "potential", "leverage", "aim", "secure", "intends", "shall", "accelerates", "future", "growth", "plan", "scheduled", "momentum", "anticipates", "continued", "will", "continue", "provide", "present", "reasonable", "established", "has", "demonstrate", "potential", "expect" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would" or "might". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits including the accuracy of the current mineral reserve and mineral resource estimates of the Corporation (including, but not limited to, ore tonnage and ore grade estimates) and mine plans for the Corporation's mining operations (including, but not limited to, throughput and recoveries being affected by metallurgical characteristics); (v) the risk associated with establishing title to mineral properties and assets including permitting, development, operations and production from the Corporation's operations being consistent with expectations and projections; (vi) Aya's ability to fund Algold's Proposal to its creditors by providing Algold with C\$100,000 in cash, C\$2,500,000 in Aya shares and C\$2,400,000 in Aya shares to be distributed to Algold current shareholders; (vii) the Algold creditors voting positively on Algold's Proposal, (viii) fluctuations in commodity prices and other risks and factors described or referred to in the section entitled "Risk Factors" in the MD&A of the Corporation and which is available at www.sedar.com, all of which should be reviewed in conjunction with the information found in this news release.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Corporation's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is given as of the date of this press release, and the Corporation does not undertake to update such forward-looking information except in accordance with applicable securities laws.

Attachment

● 20210219 - Aya Binding Agreement to Acquire Algold Final

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