Southern Empire and MAS Gold Enter into Arrangement Agreement

TSX-V: SMP
Frankfurt: 5RE

VANCOUVER, BC, Aug. 19, 2020 /CNW/ - **Southern Empire Resources Corp.** (Southern Empire) (TSXV: SMP) (Frankfurt: 5RE) and MAS Gold Corp. (MAS Gold) (TSXV: MAS) are pleased to announce that further to their news release dated July 13, 2020, they have now entered into a definitive arrangement agreement dated August 18, 2020 (the "**Agreement**") whereby Southern Empire has agreed to acquire all of the issued and outstanding common shares of MAS Gold (the "**Transaction**").

Highlights of the Transaction

MAS Gold has two advanced stage gold deposits with NI 43-101 mineral resources located in the La Ronge Gold Belt of Saskatchewan, Canada:

- the **North Lake Gold Deposit** containing 417,000 ounces gold (oz Au) is comprised of an Inferred Mineral Resource of 14,110,00 tonnes (t) grading 0.92 grams gold per tonne (g Au/t)
- the **Greywacke North Gold Deposit** containing 95,600 oz Au is comprised of an Indicated Mineral Resource of 255,500 t at 9.92 g Au/t, plus an Inferred Mineral Resource of 59,130 t at 7.42 g Au/t, at a cut-off grade of 5 g Au/t
- Significant potential for resource expansion exists at both Greywacke North and North Lake
- Excellent exploration potential also exists for MAS Gold's Preview-North Property (which hosts the Point gold deposit), Henry Lake and Elizabeth Lake properties.

The combined entity will have a strong balance sheet, with no debt and a cash position of approximately $4.5 million, which will be used to target expansion of the current NI 43-101 resources as well as exploration and development on all of Southern Empire's projects.

Chief Executive Officer of Southern Empire, Dale Wallster, stated: *"We are pleased that the due diligence process has completed in a timely manner to the satisfaction of both parties. Management is now, more than ever, confident in its decision to pursue the acquisition of MAS Gold and looks forward to advancing the La Ronge Gold Belt projects. Together with our gold projects in the southwestern U.S.A., Southern Empire will emerge as a multi-asset, advanced stage gold exploration and development company with holdings in some of the best mining jurisdictions in the world."*

Details of the Arrangement

The Transaction will be effected by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia). Under the terms of the Agreement, each shareholder of MAS Gold will receive 1 common share of Southern Empire ("**Southern Empire Share**") for every 8.5 common shares of MAS Gold. Assuming completion, and none of the options or share purchase warrants of MAS Gold being exercised prior to closing of the Transaction, Southern Empire will issue a total of 5,828,090 Southern Empire Shares to the shareholders of MAS Gold.

Following the completion of the Transaction, Southern Empire will have 56,734,890 issued and outstanding shares, of which the former shareholders of MAS Gold will hold approximately 10.3%.

All outstanding options and warrants of MAS Gold will remain outstanding (if not exercised prior to closing of the Transaction) and will be adjusted to give effect to the Transaction in accordance with their respective terms or pursuant to the Agreement.

After taking into consideration, among other things, the terms of the Transaction, the recommendation of the special committee of independent MAS Gold directors established to review the Transaction and discussions with its advisors, MAS Gold's board of directors has concluded that the Transaction is in the best interests of MAS Gold and has approved the Agreement. MAS Gold's board of directors intends to recommend in the management information circular to be mailed in connection with the MAS Gold shareholder meeting that the MAS Gold shareholders vote in favour of the Transaction.

Similarly, after taking into consideration, among other things, the terms of the Transaction, the Southern Empire board of directors has concluded that the Transaction is in the best interests of Southern Empire and has approved the Agreement.

The Transaction is subject to MAS Gold shareholder approval, applicable regulatory and TSX Venture Exchange approvals and satisfaction of customary provisions. The Transaction is expected to close in the second half of 2020.

The Transaction will require the approval by at least 66 2/3% of the votes cast on the special resolution by MAS Gold shareholders and, if required, Southern Empire shareholders present in person or represented by proxy at the shareholder meetings. The Transaction may also require the approval of a majority of the votes cast by minority shareholders of MAS Gold for the purposes of Multilateral Instrument 61-101.

Mr. Ronald Netolitzky is Chairman and director of Southern Empire and Chief Executive Officer, President and a director of MAS Gold and Andrew Davidson is Chief Financial Officer of each of Southern Empire and MAS Gold.

The Agreement includes customary deal protection provisions, including a break fee of $250,000 payable by a breaching party, and a right to match and a non-solicitation provision in favour of Southern Empire.

Details of the Transaction, including a summary of the terms and conditions of the Agreement, will be disclosed in the management information circular of MAS Gold which will be mailed to the securityholders of MAS Gold and will also be available on SEDAR at www.sedar.com.

None of the securities to be issued have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and any securities issued in the Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Management Team and Board of Directors

The parties anticipate that the management team and board of directors for Southern Empire will remain unchanged. The management team will continue to be Dale Wallster (CEO and President) and Andrew Davidson (Chief Financial Officer), and the board of directors will be Ron Netolitzky (Chairman), Dale Wallster, Bryan Slusarchuk, James Currie and a mutually agreed representative of the current MAS Gold board of directors. James Hutton will remain as an advisor to the company.

Qualified Person (QP)

The scientific and technical information contained in this news release has been prepared, reviewed, verified and approved by David Tupper, P.Geo. (British Columbia), Southern Empire's VP Exploration and a Qualified Person within the context of Canadian Securities Administrators' National

Instrument 43-101; *Standards of Disclosure for Mineral Projects.*

About Southern Empire Resources Corp.

Southern Empire is focused on the acquisition, exploration and development of gold deposits in North America, currently having two projects in the American southwest.

In the Cargo Muchacho mountains of Imperial County, southeast California, Southern Empire 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 Mesquite gold mine of Equinox Gold Corp.

With a history that includes extensive drilling and large-scale open pit and underground mining that was suspended during the gold market downturn in 1996, the Oro Cruz Gold Project hosts numerous 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.

Southern Empire also owns an 85% interest in the 817 hectares (2,020 acre) Eastgate Gold Project, located 81 kilometres (50 miles) southeast of the city of Fallon in Churchill County, Nevada. Southern Empire has just completed six HQ-size core drill holes at Eastgate, in a drill program targeting previously reverse circulation drilled, high-grade gold/silver epithermal vein systems. Selective core samples have been submitted to ALS USA Inc.'s laboratories in Reno, Nevada and assay results will be released after they become available. Permitting for the next phase of drilling has been initiated.

About MAS Gold Corp.

MAS Gold Corp. is a Canadian mineral exploration company focused on road-accessible exploration projects located in the La Ronge Gold Belt of Saskatchewan. MAS Gold's Greywacke Lake and Preview-North Gold Projects are located within 10 km of Highway 102, approximately 60 km west of the producing Santoy gold mine of SSR Mining Inc.'s Seabee gold operations.

The Greywacke North gold deposit for which a Mineral Resource of 255,500 t at 9.92 g Au/t has been estimated in the Indicated category, plus an Inferred Mineral Resource of 59,130 t at 7.42 g Au/t, at a cut-off grade of 5 g Au/t (see MAS Gold's NI 43-101 Technical Report of June 1, 2016) is one of several known stratabound, high-grade gold-bearing zones on the Greywacke Lake Property.

The North Lake gold deposit, located on the Preview North property, has an Inferred Mineral Resource estimated at 417,000 ounces of gold contained in 14,110,000 t grading 0.92 g Au/t; see MAS Gold's News Release dated March 25, 2020 and the NI 43-101 Technical Report dated April 10, 2020.

On behalf of the Board of Directors of Southern Empire,

Dale Wallster, CEO and Director

Cautionary Notice on Forward-Looking Information

Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. Each of Southern Empire and MAS Gold cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond their respective control. Such factors include, among other things: risks and uncertainties relating to each of Southern Empire and MAS Gold's limited operating history, ability to complete the proposed Transaction (including obtaining all necessary shareholder and regulatory approvals), the need to comply with environmental and governmental regulations, results of exploration programs on their projects and those risks and uncertainties identified in each of their annual and interim financial statements and management discussion and analysis. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, neither Southern Empire nor MAS Gold undertakes no obligation to publicly update or revise forward-looking information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

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