



GREENVALE FINALISES TERMS TO DIVEST ITS INTEREST IN THE GOLD BASIN PROJECT, USA

Terms agreed for disposal of ~25% interest for A\$1m in cash plus shares in Canadian company

10 August 2020

Highlights

- Terms finalised for the proposed sale of Greenvale's interest of approximately 25% in the Gold Basin Project to a company listed on the Canadian Securities Exchange called Fiorentina Minerals Inc. (CSE: FLO; "FLO").
- Consideration comprises cash of \$A1.0 million plus 2.5 million common shares in FLO, subject to a 4-month escrow period.
- On 31 July, FLO announced a C\$4.7 million capital raising to fund its mineral assets. FLO has previously announced the acquisition of a 75% interest in the Gold Basin Project.
- Completion of the transaction remains subject to the receipt of funds and completion of other associated documentation. Once completed, the sale will result in a profit on the transaction of approximately \$1.142 million.
- The transaction provides for some future upside from Greenvale's shareholding in FLO while allowing it to move forward with a focus on its majority-owned projects, the recently acquired Georgina Basin IOCG Project in the Northern Territory (Knox Resources) and the Alpha Resources Project in Queensland.

Greenvale Mining Limited, (formerly known as Greenvale Energy Limited) (ASX: GRV) is pleased to advise that, as foreshadowed in previous announcements and its Prospectus dated 29 June 2020, it has now finalised terms for the sale of its economic interest of approximately 25% in the Arizona Gold Basin Project in the United States (**Interest**).

Rationale for the disposal

After several months of being in dispute and conducting negotiations with the various parties involved in the Gold Basin Project, the Board formed the view that it was in the Company's best interests to enter into a financial arrangement which provided it with a return on its original investment while retaining some level of exposure to the future upside from Project.

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As a result, GRV has agreed terms to dispose of its Interest for cash and shares in Fiorentina Minerals Inc. (**CSE: FLO**), a company listed on the Canadian Securities Exchange which has previously announced the acquisition of a 75% interest in the Gold Basin Project. Following completion of the transaction, FLO move to 100% ownership of the Project.

FLO has recently announced (on 31 July 2020) a capital raising of C\$4.7 million via a non-brokered private placement, to be used for exploration and development of its mineral properties, including the Gold Basin Project.

Completion of the transaction remains subject to the receipt of funds from FLO and the finalisation of certain documentation including board minutes and share transfer agreements, most of which is considered to be largely procedural. The Board of Greenvale expects to finalise all of these outstanding matters within a period of up to two (2) weeks and will advise the market as soon as the transaction has been completed.

The transaction addresses all legal and commercial issues associated with the Interest and allows the Company to focus on progressing its majority-owned Georgina Basin and Alpha Resources Projects, respectively located in the Northern Territory and Queensland, while retaining exposure to the future upside from the Gold Basin Project via its shareholding in FLO.

Together with the completion of the \$2.1 million fully subscribed Entitlement Offer, the additional funds to be received as a result of this transaction will further strengthen the Company's financial position moving forward and provide certainty for all shareholders. The alternative option of pursuing potential litigation against the other parties would have been costly and without any real certainty of an outcome that is as favourable as that achieved under the current transaction.

Commenting on the transaction, Greenvale's Chairman, Mr Leo Khouri, said: *"We are very pleased to have finalised the terms of this transaction with FLO, marking the completion of a lengthy process between the parties and allowing GRV to move down its own forward pathway focusing on its Australian resource projects while still retaining exposure to some of the potential upside in the Gold Basin Project through its shareholding in FLO."*

Terms of the disposal

The disposal is proposed to be effected by simultaneously:

- Relinquishing the Company's right to an economic interest of approximately 25% in the Gold Basin Project; and
- transferring its 50.01% shareholding in Greenvale Gold Basin Pty Limited (including the three United States subsidiary companies).

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In addition to the above, GRV and the other parties to the transaction will entered into appropriate settlement terms and releases.

Consideration

The consideration to be received by GRV for entering into the above agreement is:

- \$1.0 million Australian dollars (A\$) in cash; plus
- 2.5 million common shares in FLO. As at the date of this announcement, FLO shares are valued at the last traded price Canadian dollar (CAD) 50 cents per share. GRV's shareholding in FLO represents an interest of less than 5%. The shares are subject to a four month escrow period.

Based on an exchange rate of CAD = AUD of 1.04 and FLO's last traded share price of CAD 50 cents, the fair value of the consideration received in FLO common shares is A\$1.300 million. However, in assessing the fair value of a FLO share, a discount for lack of liquidity should be taken into consideration. The board has formed the view that the likely discount for accounting purposes should be approximately 40%. Accordingly, the fair value of the stock consideration would be \$780,000.

Based on the above, the total consideration received would have a value of \$1.780 million. GRV's carrying for its interest in the Gold Basin Project is approximately \$638,000 and, as a result, a profit before tax of approximately \$1.142 million is expected to be realised from the sale.

Further announcement

Further details will be advised as soon as the transaction has been completed.

Board approval

This announcement has been approved by the Board of Directors.

Contact

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