



COMPLETION OF GOLD BASIN INVESTMENT

18 February 2019

KEY POINTS

- Completion of the Gold Basin Investment
 - Drilling to commence immanently
-

Greenvale Energy Limited (ASX: GRV) is pleased to announce that it has completed the acquisition of an investment in an advanced gold project located north-western Arizona, known as “The Gold Basin” project. As previously advised, the investment is part of the Board’s intention to diversify its risk from its main undertaking, the Alpha Resources project.

Transaction overview

Details of the Gold Basin project have been outlined in the market announcement dated 24 September 2018. An overview of the proposed corporate structure is set out in **Appendix 1**. The key terms of the acquisition are as follows:

50.1% shareholding in Greenvale Gold Basin Pty Ltd

Greenvale Gold Basin Pty Ltd (**GGB**) is an entity which is 50.1% owned by GRV’s wholly owned subsidiary, Greenvale Gold Pty Ltd (**Greenvale Gold**) and the other 49.1% is owned by New England Metals Pty Ltd (**NEM**). Greenvale Gold has invested \$550,000 for its 50.1% shareholding and NEM has transferred the rights to a farm-in arrangement with a company known as Aurum Exploration Inc (**Aurum**). NEM has received a 49.1% shareholding in GGB in exchange for its farm-in rights in the mining claims owned by Aurum.

The key terms shareholders’ agreement between Greenvale Gold and NEM are:

- Greenvale Gold is to have 2 directors and NEM 1 director. Decisions are simple majority, with the exception of certain matters. The matters that require unanimous approval, include changes to the constitution, changes to the number of directors, entering into debt facilities and related party transactions. They not include ongoing operational or funding matters;
- Initial work program and budget set at \$550,000;

- Greenvale Gold is to have the right to acquire NEM shareholding in GGB for cash or shares (at its election) and such right is to be 90 days after the maiden mineral resource estimate under the JORC Code (**Resource**) is issued. A 90 day extension period may be obtained by Greenvale Gold. The amount payable is to be 1.75% of the 30 day average gold price multiplied by the Resource (Inferred or Indicated category);
- “TAG” and “Drag” along provision to apply; and
- any new shares that are to be issued by GGB due to funding needs are to be subject to fair valuation principles so that any dilution is done equitably.

50.1% in a new company (New Co) the owner of the Gold Basin mining claims

As noted above, NEM has assigned the farm-in rights under a Principal Agreement into the Gold Basin project with Aurum. These rights were owned by a related entity of NEM (Centric Minerals Management Pty Ltd or **Centric**).

Under the Principal Agreement, NEM/Centric has up to 31 March 2019 in which to achieve a maiden JORC reserve. However, this agreement has been varied to allow the period to be extended provided Centric provides a confirmation that drilling has commenced before 31 March 2019 (Deed of Variation). Assuming that the maiden JORC resource is achieved, other matters agreed in relation to the advancement of the Gold Basin project to in the Deed of Variation are:

- Aurum will be required to transfer its mining claims to New Co for a 49.9% shareholding and GGB will be the other 50.1% shareholder;
- New Co is to be established immediately after the commencement of drilling;
- GGB are to have two directors and Aurum one director;
- Pre-emptive rights over the other parties shares; and
- all decisions (including funding raising and dilution) are to be made by simple majority by the Board.



Royalty to Centric

As part of the arrangement, Centric will receive a 1% royalty for all output from the Gold Basin project. The royalty is payable on gross revenues, less a deduction for taxes and bad debts. The royalty is to be paid by GGB over the life of the project. However, should GGB sell its interest in the Gold Basin project, then the royalty is to cease. Moreover, should GGB achieve 100% ownership of New Co, the royalty will be transferred to New Co, the owner of the mining claims.

Technical manager

Centric has been appointed technical manager for the Gold Basin Project.

Exploration plans

GRV in conjunction with Centric/NEM have been working since the entering of the Heads of Agreement on an exploration plan and budget and Centric has undertaken the necessary steps, including the obtaining of plans and permits to commence a drilling program. This drilling program is to commence immanently.

For further information, please contact:

Vince Fayad

Director and Company Secretary

Ph: 0414 752 804

E: vince.fayad@vfassociates.com.au

Gold Basin Corporate Structure – Appendix 1

