

**RTG AGREES TO ACQUIRE THE PRIORITY EXPLORATION LICENCE APPLICATIONS  
FOR AN 80% STAKE IN THE 2.1M OZ MT KARE GOLD PROJECT**

**ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE**

**10 DECEMBER 2019**

RTG Mining Inc. (**ASX:RTG, TSX:RTG, OTCQB:RTGGF**) (“RTG” or “the Company”) is pleased to announce that it has entered into binding Memorandum of Agreement (“MOA”) with the two priority applicants for the Mt Kare Gold Project located in the Enga Province of Papua New Guinea (“PNG”) to acquire a majority 80% stake in the project if and when successful in securing the new exploration licence. The two vendors are GMG Global Mining Group Limited (“GMG”) and Tribune Mt. Kare Limited (“Tribune”).

Mt Kare has a Historical Mineral Resource (JORC 2004) of 2.1 million ounces, which includes Measured Mineral Resources of 1.2 million ounces of gold and Indicated and Inferred Mineral Resources of 0.9 million ounces of gold (see next section for details of resource).

The deal terms equate to a purchase price of approximately US\$8.80/ ounce of gold in total Historical Mineral Resource with an additional payment of US\$2.40/ ounce of gold (in Historical Mineral Resource) based upon a decision a mine.

**MT KARE PROJECT**

Mt Kare is located approximately 600km northwest of Port Moresby and 145km west of Mt Hagen in the Enga Province of PNG and is situated 15km southwest of Barrick’s Porgera Gold Mine. The Porgera Mine is the second largest mine in PNG and is regarded as one of the world’s top ten producing gold mines. It began production in 1990 and to date has produced more than 20Moz of gold.



**Figure 1: Mt Kare Location Map**

The Mt Kare Gold Project was discovered in 1987 by Conzinc Riotinto of Australia and has had in excess of A\$60 million spent on it by several companies, including 454 diamond holes totalling 73,639 metres. In 2011, Indochine Mining Limited (ASX:IDC) (“Indochine”) exercised an option to acquire the project and in 2013 announced a Historical (JORC 2004 compliant) Mineral Resource Estimate summarised below in Table 1. These resources were reported in accordance with JORC Code 2004 in Indochine’s ASX announcements dated 10 July 2013. Refer to the cautionary statement below.

Resource Category	Tonnes (Mt)	Au g/t	Ag g/t	Au Metal (Moz)
Measured	20.2	1.84	20.9	1.2
Indicated	8.3	1.29	8.1	0.3
Inferred	14	1.27	6.0	0.6
<b>Total</b>	<b>42.5</b>	<b>1.54</b>	<b>13.48</b>	<b>2.1</b>

**Table 1 Mt Kare 2013 JORC (2004) Compliant Mineral Resource (cut-off grade 0.5g/t Au)\***

\* The Historical Mineral Resource estimates were originally compiled and announced by Indochine and last repeated in their ASX announcements dated 10 July 2013, utilising parameters from the 2004 JORC Code. RTG believes that this information has not materially changed since it was last reported.

However, it is important to note that:

- the estimates of Mineral Resources are not reported in accordance with the JORC Code 2012;
- a Competent Person or Qualified Person (as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”)) has not done sufficient work to classify the estimates as Mineral Resources in accordance with JORC Code 2012 or NI 43-101;
- RTG has not independently validated the former owner’s estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates;
- it is possible that following evaluation and/or further exploration work by GMG, the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012 and NI 43-101;
- that nothing has come to the attention of RTG that causes it to question the accuracy or reliability of the former owner’s estimates; and
- RTG believes that the resource categories set out above are the same as those set out in NI 43-101.

Refer to Appendix 1 for further details on Indochine’s Historical Mineral Resource.

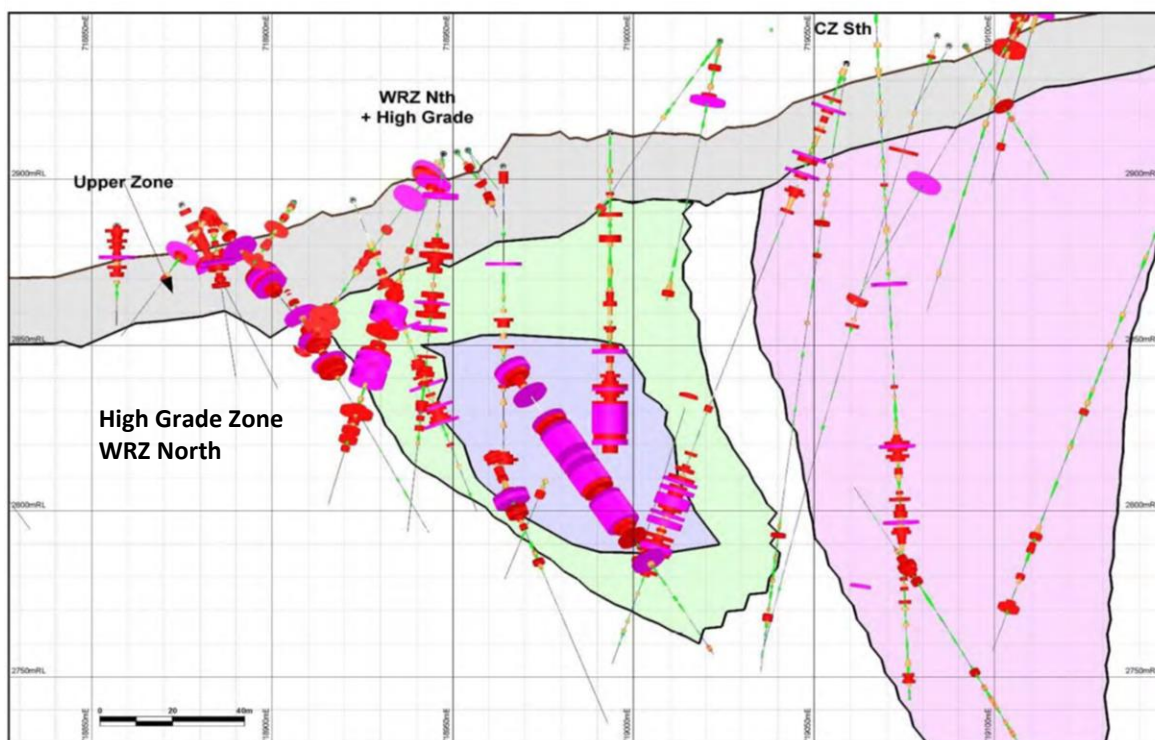
Land Investigation Studies and a Land Identification Report have been completed previously by Summit (a subsidiary of Indochine) and a Mt Kare Project Consent Agreement with the principal Landowner representatives was finalised in May 2016 (both the property of Summit).

The Mt Kare deposit is hosted by Mesozoic and late Tertiary sedimentary rocks originally deposited on the Australian craton. Following continental collision, folding and thrusting in the Papuan Fold Belt and subsequent uplift, late Miocene-Pliocene (6.0Ma) alkaline intrusive bodies were emplaced. At Porgera and Mt Kare, intrusive complexes, about which subsequent precious metal mineralisation has been centred, are focused at the intersections of a deep-seated transverse fault.

The similarity between intrusion types at Porgera and Mt Kare is well documented (Richards, J.P. and Ledlies, I. 1993)<sup>1</sup>. Detailed geological mapping was carried out by Madison over the immediate area (approx. 300ha) of the Mt Kare deposit (Madison, 1997)<sup>1</sup>. The property geology comprises a folded and faulted sequence of meta-sediments that have been intruded locally by gabbroic and mafic-porphyry dykes. The host stratigraphy at Mt Kare consists of Late Cretaceous Brown Mudstone in fault contact with younger limestone, marl, fine grained sandstone and siltstone units.

A structural study conducted by SRK Consulting in 2007<sup>1</sup> reported that the sequence at Mt Kare is folded about a north-northeast-trending, gently north-northwest-plunging fold axes. A syncline, with younger rocks preserved in the hinge, lies immediately east of the Brown Mudstone contact and is the host structure to the mineralisation. Further east, the basal limestone unit forms the core of a gently north-northeast plunging anticline (Mt Kare limestone scarp).

RTG is not currently able to verify, revise or update the Historical Mineral Resource for Mt Kare, however RTG believes Mt Kare has significant upside potential. In the near term, after Mineral Resource verification work has been completed, it is thought that improvements in the Mineral Resource could be gained by drilling out and infilling existing zones, in particular, in the Western Roscoelite Zone (WRZ) and the Central Zone Resource, extensions are anticipated down plunge and along strike, especially in the WRZ North High-Grade Zone (Figure 2).



**Figure 2: Cross-Section WRZ High Grade Zone Near Term Exploration Target<sup>2</sup>**

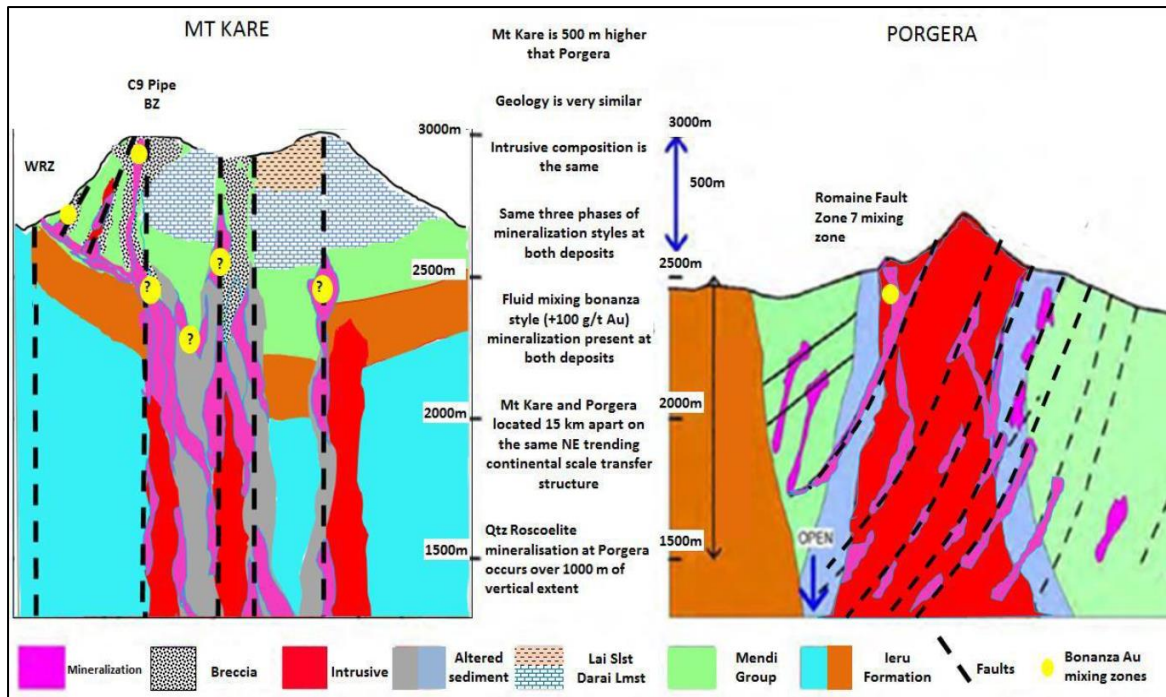
In the longer term, RTG would focus exploration on the depth potential of the deposit. Mt Kare and Porgera are situated 15km apart along the same north-east trending continental scale transfer structure. Additional similarities between the geology of Mt Kare and Porgera include:

- same host rocks;
- similar geological structures;
- mineralisation types; and
- age of mineralisation.

Mt Kare is also 500m higher than Porgera yet only drilled to 350m. Mineralisation at Porgera occurs over 1000m of vertical extension (refer Figure 3).

<sup>1</sup> See Appendix 2 for details of the references.

<sup>2</sup> Diagram sourced from Indochine Mining Investor Presentation March 2014 <http://www.indochinemining.com/investors/presentations>



**Figure 3: Mt Kare – Porgera geological similarities.**

On 2 October 2017, the PNG Mineral Resource Authority (“MRA”) confirmed that GMG has priority over the 8 other exploration licence applications currently registered or held by the MRA. GMG’s priority was challenged by Tribune in the PNG Courts and as part of this transaction, both GMG and Tribune have agreed to settle their disputes and work co-operatively, including the withdrawal of all actions against the MRA and others. The previous exploration licence held by Summit Development Limited, a subsidiary of Indochine Mining Limited was cancelled. A Judicial Review held that the PNG Government had acted correctly in respect of that cancellation and the cancellation was valid. It is anticipated that the findings of the subsequent appeal against the Judicial Review findings, held in February 2019, should be finalised shortly. The transactions with GMG and Tribune are conditional on the release of the abovementioned findings in favour of the PNG Government and the issue of an exploration licence for Mt Kare to an RTG subsidiary.

## DEAL TERMS

The agreed consideration, from RTG to the vendors of an 80% interest in the Mt Kare exploration license (where granted to the consortium of RTG, GMG and Tribune) is subject to satisfaction of a number of conditions precedent (most importantly the grant of the exploration license for Mt Kare to a RTG subsidiary) is set out as follows:

- RTG will provide funding to the proposed grantee of the Mt Kare exploration license of US\$1 million once the abovementioned litigation matters are resolved in the PNG Government’s favour, to be utilised by GMG and the joint venture for the grant process for the exploration licence, such as the holding of a Warden’s Hearing;
- US\$1.5m in cash and approximately US\$11.3m in shares in RTG subject to RTG shareholder approval for the purposes of Listing Rule 7.1, on the grant to an RTG subsidiary of a valid and unchallenged exploration licence for the Mt Kare Project. The shares will be issued based on the 20 day VWAP prior to completion of the transaction (As at 9 December 2019, RTG’s 20 day VWAP was \$0.091, however we would anticipate it could be materially different at Completion);

- A contingent payment only if a final decision to mine is made in respect of Mt Kare – approximately US\$1 million, with a further consulting fee of US\$3m payable if the decision to mine is made by the JV; and
- Approximately US\$1m in shares of RTG to Argonaut Equity Partners Pty Ltd, subject to RTG shareholder approval for the purposes of Listing Rule 7.1, which has agreed to assist with any financings (on a non exclusive basis) for the Mt Kare Project on arms' length terms and conditions. The shares will be issued on the 20 day VWAP prior to completion of the transaction.

On completion of the transaction, RTG will be entitled to appoint nominees to the board of GMG and Origold PNG Limited ("Origold"), the new PNG RTG subsidiary that may hold the interest in the Mt Kare Project (if successful), so it has a majority by number. The Chairman of GMG and Origold will be a RTG nominee. RTG will be the manager of the exploration joint venture and will solely fund operating expenditure for the first 15 months period from the date of grant of the Mt Kare exploration licence. For the avoidance of doubt, that does not apply to capital expenditure on a commitment to development.

Shareholder approval for issue of the consideration shares must be obtained within 60 business days of grant of the Mt Kare exploration licence. A notice of meeting will be dispatched by RTG in respect of those approvals. In the event shareholder approval is not obtained RTG will satisfy the share consideration in cash. If RTG defaults on this obligation, Tribune and Argonaut will be granted a onetime option to acquire the Mt Kare exploration licence of Tribune back on a cost recovery basis from RTG. The consideration shares issued to Tribune will be subject to orderly sale arrangements including staged escrow and sell down process. Further details will be included in the notice of meeting. In addition to shareholder approval, the transaction is subject to any applicable regulatory approvals and the satisfaction of certain other closing conditions.

Final documentation is being completed which will include standard terms and conditions for a transaction of this nature.

## **ABOUT RTG MINING INC**

RTG Mining Inc. is a mining and exploration company listed on the main board of the Toronto Stock Exchange, Australian Securities Exchange Limited and the OTCQB Venture Market. RTG is focused on a proposal with a landowner lead consortium to secure an exploration licence at the high tonnage copper-gold Panguna Project in Bougainville PNG and the high grade copper/gold/magnetite Mabilo Project in the Philippines, while also identifying major new projects which will allow the Company to move quickly and safely to production, such as the Chanach Gold and Copper Project.

RTG has an experienced management team which has to date developed seven mines in five different countries, including being responsible for the development of the Masbate Gold Mine in the Philippines through CGA Mining Limited, RTG has some of the most respected and international institutional investors as shareholders including Franklin Templeton, Sun Valley, Sprott and Equinox.

## **ENQUIRIES**

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## **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

All statements in this press release, other than statements of historical fact, are "forward-looking statements" with respect to RTG within the meaning of applicable securities laws, including, but not limited to statements addressing the anticipated closing of the acquisition of the Mt Kare Project, the terms of the MOA, the grant of the new exploration licence for the Mt Kare Project, shareholder approval requirements, potential quantity and/or grade of minerals, RTG's plans to prepare a feasibility study for the Mt Kare Project, potential size and expansion of a mineralized zone, finalisation of the findings of the Summit Appeal and the proposed timing of exploration and development plans. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", "potential", and similar expressions, or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve various risks and uncertainties and are based on certain factors and assumptions. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from RTG's expectations include uncertainties related to fluctuations in gold and other commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies in the development of RTG's mineral projects; the need to obtain additional financing to develop RTG's mineral projects; the possibility of delay in development programs or in construction projects and uncertainty of meeting anticipated program milestones for RTG's mineral projects and other risks and uncertainties disclosed under the heading "Risk Factors" in RTG's Annual Information Form for the year ended December 31, 2017 filed with the Canadian securities regulatory authorities on RTG's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. RTG disclaims any intention or obligation to update or revise any forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

## **QUALIFIED PERSON AND COMPETENT PERSON STATEMENT**

The information in this release that relates to Geology, Exploration Results and Historical Mineral Resource Estimates is based upon public information reviewed by Elizabeth Haren who is a Qualified Person under NI 43-101 and a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Elizabeth Haren is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed by Haren Consulting Pty Ltd and is a consultant to RTG. Elizabeth Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person and a Qualified Person for the purposes of NI 43-101. Elizabeth Haren consents to the inclusion in the release of the matters based on her information in the form and the context in which it appears.

Elizabeth Haren has reviewed and approved the scientific and technical information in this release.

## **Appendix 1 – ASX Listing Rules and JORC Disclosures**

In accordance with ASX Guidance on announcements of material acquisitions, given Indochine has publicly reported estimates of Mineral Resources for the Mt Kare Project under the 2004 JORC Code, RTG provides the following additional information:

- The mineral resource estimates for the Mt Kare Project are historical estimates pursuant to NI 43-101. A Qualified Person (as such term is defined under NI 43-101) has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and RTG is not treating the historical estimate as current mineral resources or mineral reserves.
- The Historical Mineral Resource was released to ASX by Indochine on 10 July 2013. Refer to Indochine's ASX announcements both dated 10 July 2013 available at <http://www.asx.com.au/asxpdf/20130710/pdf/42gzdxt0s607q4.pdf> and <http://www.asx.com.au/asxpdf/20130710/pdf/42gzdkzx234tm.pdf>.
- This information was prepared and first disclosed under the JORC Code 2004 and therefore the reporting of those estimates may not conform to the requirements of the JORC Code 2012.
- The independent review of Mt Kare by Haren Consulting suggested some modifications to the Historical Mineral Resource estimate may be appropriate, however, no fatal flaws were identified in the data used or the methodology of generation of the Historical Mineral Resource. Not all the information regarding the work programs conducted were available for review. Information available included the Mineral Resource estimate report completed in 2012 which described the data used in the estimate.
- RTG is not aware of the detailed information of the work programs on which the estimates were based nor is it aware of the availability of any more recent estimates or data relevant to the reported mineralisation.
- If GMG is successful in obtaining the exploration licence at Mt Kare, a Mineral Resource review will be conducted by RTG. RTG is not yet in a position to assess the veracity or adopt Indochine's Historical Mineral Resource. The review of the resource model would take 2 to 3 months and would inform a new drilling program intended to both enhance confidence and extend the known Historical Mineral Resource. A subsequent drilling program may take between 10 and 18 months, with time and cost depending on the scope of the drilling program required or deemed necessary and ease of access to the tenement and drill locations.
- Subject to a successful Mineral Resource review and drilling program, RTG will make a decision to proceed with a full feasibility study. The feasibility study would investigate the application of more optimal mine designs, a review of metallurgical work, re-organisation of waste dumps and infrastructure and rescheduling the mining program. The work is anticipated to cost in the order of US\$1.5M and would be expected to be completed within 15 months of commencement. The Mineral Resource review and feasibility study is currently anticipated to be funded from existing cash reserves.
- The information in this release that relates to exploration and geology in respect of the Mt Kare Project is based upon public information reviewed by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed by Haren Consulting Pty Ltd and is a consultant to RTG. Elizabeth Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Elizabeth Haren consents to the inclusion in the release of the matters based on his information in the form and the context in which it appears.



## **Appendix 2 – References**

- Richards, J.P. and Ledlie, I. Alkalic intrusive rocks associated with Mt Kare gold deposit, Papua New Guinea: comparison with the Porgera Intrusive Complex. *Economic Geology*, 88:755-788.
- L Olssen, B McEwen & J Fox Buffalo Gold Limited: Mt. Kare, Technical Report Update, August 2007 (EDGAR US-SEC)