



## Mutiny Gold Enters Into Project Development Funding Agreements

### Highlights

**Mutiny enters into key project finance agreements, a milestone in bringing its Deflector Gold Copper project into production in 2013.**

- **US\$43 (A\$41) million funding agreement with Canadian Institution Sandstorm Gold Ltd , via a Metals Purchase Agreement('MPA')**
- **The Metals Purchase Agreement with Sandstorm Gold Ltd will fund a significant portion of the Deflector capital costs**
- **Mutiny's existing principal lender Credit Suisse, with an existing A\$11m loan facility, supports the Sandstorm arrangements and is currently working collaboratively with Mutiny on concluding the full project finance arrangements for the Deflector project.**
- **Specifically, a project finance facility is being negotiated with Credit Suisse for approximately A\$50m, whereby it would provide debt finance of A\$25m, with the remainder to be provided by a leading Australian Bank.**
- **Mutiny's planned finance platform for funding Deflector into production will consist of a total of A\$102m of funding including:**
  - **A\$50m project finance facility with Credit Suisse and second lender;**
  - **MPA with Sandstorm totalling A\$41m (currently drawn to \$6m); and**
  - **A\$11m in plant leasing.**

Mutiny Gold Limited (ASX: MYG) ("Mutiny" or the "Company") is pleased to announce it has entered into a significant financing agreement, for A\$41m which is central to meeting the A\$102m financing requirements needed to bring the Deflector Gold-Copper Project in the Murchison region of Western Australia into production as planned in Q4 2013.



### **Sandstorm Metals Purchase Agreement**

The first agreement, a US\$43 Metals Purchase Agreement ("MPA") with Sandstorm Gold Ltd. ("Sandstorm") (NYSE MKT: SAND, TSX: SSL) comprises US\$38m in upfront payments, US\$5m in equity and a possible additional US\$4m in performance based payments. The latter is intended as supplemental finance for plant expansion in year 3 of mining at Deflector.

The MPA signed today with Sandstorm is designed to complement the more traditional bank provided project finance which will collectively meet the majority of the Company's requirements for the development of the Deflector Mine and associated infrastructure. The Bank Project Finance with Credit Suisse and other banks is being finalised in conjunction with A\$11m finance leasing of the project's accommodation village.

Under the terms of the MPA, their first related to an Australian project, Sandstorm has agreed to purchase an amount equal to 15% of the gold produced from Deflector (the "Gold Stream"). Pursuant to this agreement, Sandstorm will make an initial upfront cash payment to Mutiny of US\$9 million (the "Initial Deposit") and will make a future cash remittance of US\$29 million (the "Second Deposit") once Mutiny has received final mine permits for Deflector as well as completed certain funding conditions. In addition, Sandstorm will make ongoing per ounce payments equal to the lesser of US\$500 per ounce of gold and the prevailing market price of gold (the "Per Ounce Payments"). If Deflector produces more than 85,000 ounces of gold in a given year, Sandstorm will make a one-time US\$4 million payment to Mutiny (the "Conditional Deposit").

A very important feature of the MPA is Mutiny's right, but not obligation, for a period of 36 months from the date of the Second Deposit, to repurchase in whole or in part, up to 50% of the Gold Stream by making a payment equal to the greater of US\$24.7 million or the value of 14,742 gold ounces, whereupon the percentage of gold that Sandstorm is entitled to purchase shall be decreased from 15% to 7.5%. The earnings per share modelling conducted by the Company shows the Sandstorm funding via the MPA boosts the Mutiny earnings per share model.

Mutiny's Managing Director, Mr John Greeve, said that Sandstorm's model is aligned with Mutiny's established preference for furthering the development of Deflector through asset accretive and non-dilutive structured finance.

"As the first Australian company to negotiate a transaction of this type with Sandstorm, which we believe in itself is a strong endorsement of Deflector and our broader strategy, Mutiny has broken new ground in this innovative form of project funding. Working in conjunction with our advisors Noah's Rule we have been able to negotiate the Metals Purchase Agreement in a way that has made it highly complementary to traditional project finance, rather than as an alternative, as it is often seen. The process has not been without its challenges and has taken longer than we expected but we hope existing shareholders will be delighted with the outcome in terms of the equity dilution avoided", said Mr Greeve.

### **Credit Suisse Finance Facility**

Credit Suisse and Mutiny had previously entered into an A\$11M loan (see ASX announcement 10 November 2011 for full details) which enabled Mutiny to complete the acquisition of Deflector, conduct a significant 15,000M drill program and advance its feasibility studies. Mutiny is negotiating with Credit Suisse an approximately A\$50m project financing facility, whereby it will provide A\$25m with the remaining \$25m to be provided by a leading Australian Bank. Credit Suisse is fully aware and supportive of the Sandstorm arrangements.



“This is a very positive move for Mutiny, as we have now created the platform which encompasses the majority of the funding requirements for Deflector. This is completely in line with our stated objective to minimise overly dilutive equity issues while progressing Deflector. Our next steps will see us continue to resolve the outstanding administrative matters required for final funding of both the Metals Purchase Agreement with Sandstorm and the Bank Project Financing, as we move to production.” said Mr Greeve.

“With a number of significant projects in our portfolio, entering into an agreement limited to a portion of the contemplated Deflector project production, rather than significantly diluting the equity of the entire company, and thus the entire portfolio, makes sense for shareholders. Theoretically the value achieved for the of 15% of the Deflector gold production values the Deflector Project at between A\$240m and A\$280m compared with the Company’s current market capitalisation of approximately A\$45m .

“We have also discussed ongoing collaborative development funding arrangements with Sandstorm which could cover our future expansion plans. There is the potential for a high degree of mutual interest between Sandstorm and Mutiny in supporting our strategy of bringing online a pipeline of gold and copper mines. This is not limited to Deflector and may include future asset acquisitions” Mr Greeve added.

Mutiny has completed these finance agreements after last week announcing the issuing of the key Plant Construction contract to GR Engineering Services Limited.

#### **About Sandstorm Gold**

Sandstorm Gold Ltd. (NYSE MKT: SAND, TSX: SSL) is a gold streaming company. Sandstorm provides upfront financing for gold mining companies that are looking for capital. In return, Sandstorm receives a gold streaming agreement. This agreement gives Sandstorm the right to purchase a percentage of the life of mine gold produced, at a fixed price. Sandstorm is a non-operating gold mining company with a portfolio of nine gold streams, five of which are producing gold, and three NSR royalties. Sandstorm plans to grow and diversify its low cost production profile through the acquisition of additional gold streams.

Sandstorm is focused on low cost operations with excellent exploration potential and strong management teams. Sandstorm has completed gold purchase or royalty agreements with Brigus Gold Corp., Colossus Minerals Inc., Donner Metals Ltd., Luna Gold Corp., Magellan Minerals Ltd., Metanor Resources Inc., Mutiny Gold Ltd., Santa Fe Gold Corp., SilverCrest Mines Inc., Rambler Metals and Mining plc and Solitario Exploration & Royalty Corp.

For more information visit: [www.sandstormgold.com](http://www.sandstormgold.com).

#### **About Mutiny Gold**

Mutiny Gold Ltd is a diversified resource company focused on the exploration and development of its gold, copper and nickel tenements in Western Australia. The Company’s lead project is the Deflector Gold-Copper Deposit which is within the Gullewa tenements located in the South Murchison region of Western Australia. The Company intends to become a significant gold producer with a focus on commencing production at its Deflector and White Well Deposits. Currently Deflector Deposit, resources (Table 1) stand at 729,000oz of Equivalent gold including 591,000oz gold, 27,000t of copper and 628,000oz silver, with significant resource expansion targeted through ongoing, systematic exploration at Deflector. In October 2012 the Company successfully completed a Definitive Feasibility Study on the Deflector Deposit showing robust economics. Mutiny Gold through a balanced mix of exploration and development is on track to become a significant gold and copper producer for the benefit of all stakeholders.

**Table 1: Deflector JORC-compliant resource**

DEFLECTOR Resource – ASX November 2012								
Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Measured	1,164,000	6.0	223,000	1.5	17,000	10.9	407,000	310,000
Indicated	1,043,000	7.3	246,000	0.6	7,000	4.2	140,000	279,000
<b>Measured &amp; Indicated</b>	<b>2,207,000</b>	<b>6.6</b>	<b>468,000</b>	<b>1.1</b>	<b>24,000</b>	<b>7.7</b>	<b>547,000</b>	<b>589,000</b>
Inferred	658,000	5.8	122,000	0.5	3,000	3.9	82,000	140,000
<b>Totals</b>	<b>2,865,000</b>	<b>6.4</b>	<b>591,000</b>	<b>0.9</b>	<b>27,000</b>	<b>6.8</b>	<b>629,000</b>	<b>729,000</b>

The Gold Equivalence Calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces.

The AUD metal prices used in the calculation were \$1,700/oz Au, \$8,000/t Cu, \$27.0/oz Ag.

Note – Totals may appear incorrect due to appropriate rounding.

**Table 2: Deflector JORC-compliant Reserves**

DEFLECTOR Ore Reserve Statement – November 2012								
Classification	Tonnes	Au (g/t)	Au (oz)	Cu (%)	Cu (t)	Ag (g/t)	Ag (oz)	Au Eq (oz)
Proven	1,253,000	4.7	187,000	1.2	15,000	8.4	339,000	213,000
Probable	1,091,000	5.1	179,000	0.5	4,000	2.9	102,000	202,000
<b>Total Reserve</b>	<b>2,344,000</b>	<b>4.9</b>	<b>367,000</b>	<b>0.8</b>	<b>19,000</b>	<b>5.9</b>	<b>441,000</b>	<b>415,000</b>

The Gold Equivalence Calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces.

The AUD metal prices used in the calculation were \$1,700/oz Au, \$8,000/t Cu, \$27.0/oz Ag.

Note – Totals may appear incorrect due to appropriate rounding.

**Competent Persons Statement:**

The Geological aspects in this report which relates to Mineral Resources are based upon information compiled by Mr. Lynn Widenbar, Principal Consultant – Widenbar and Associates. Mr Widenbar is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

**Competent Persons Statement:**

The Open Pit and Underground mining aspects in this report which relates to Ore Reserves and LOM production is based upon information compiled by Mr Shane McLeay – B.Eng, Principal Consultant – Mining of Entech Pty Ltd. Mr McLeay is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Macleay consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.



**Forward Looking Statements**

*All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Mutiny Gold Limited (Mutiny) are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Mutiny that could cause Mutiny's actual results to differ materially from the results expressed or anticipated in these statements.*

*The company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Mutiny does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.*

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