



## **FOSTERVILLE SOUTH ACQUIRES THREE ADDITIONAL GOLD PROJECTS IN VICTORIA, AUSTRALIA**

**April 20, 2020. Fosterville South Exploration Ltd.** (“Fosterville South” or the “Company”, FSX:TSX Venture) is pleased to announce it has entered into a purchase agreement with Mercator Gold Australia Pty Limited (“Mercator”), a subsidiary of AIM listed ECR Minerals plc (“ECR”), whereby it will acquire a 100% interest in three high-grade gold projects called the Timor Project, the Avoca Project and the Moornbool Project (the “Gold Projects”).

### **Highlights of Transaction**

- Significant historical mining of 1,390,000 ounces of gold from both the Avoca and Timor projects, which includes 208,000 ounces of hard-rock mining at 13 g/t, at the Timor Project.
- Three gold focused tenements that increases land package by 271 km<sup>2</sup>
- Potential Fosterville style gold mineralisation on two of the properties.
- Considerable exploration upside with numerous drill ready prospects based upon earlier work.

### **Gold Projects**

Within Central Victoria, the Lachlan Fold Belt is subdivided into various zones, based on distinct geological and metallurgical characteristics. From west to east they are the Stawell Zone, Bendigo Zone and the Melbourne Zone.

#### *Moornbool Project*

The Moornbool project area occurs east of Fosterville within the Melbourne Zone and is underlain by Siluro-Devonian rocks. It covers an area between the Redcastle and Graytown goldfields, within which occurs a southeast striking large regional fault. Due to pervasive shallow alluvial cover, the project area is largely unexplored. In close proximity to this regional structure and included within the project area is a magnetic anomaly interpreted to be a small intrusive plug or cupola.

Initial soil geochemistry exploration indicates that both the southeast striking fault zone and the intrusive zone are arsenic mineralized, and therefore potentially gold mineralized. The magnetic anomaly could be an intrusive related gold system similar to Mt Piper, near Broadford. Further northwest, along strike of the fault zone, within the Redcastle goldfield extensive alluvial and hard-rock gold mineralization was mined historically.

This licence compliments the Moornbool East Exploration Licence application held by Fosterville South’s subsidiary Currawong Resources P/L, which lies immediately east of here.

#### *Avoca Project*

The Avoca project is centred on mesothermal quartz vein hosted gold and related placer-style ‘deep lead’ gold mineralization. There is a considerable local history of mining both kinds of deposit. The term ‘deep lead’ refers to buried auriferous river bed deposits. The Avoca goldfield produced approximately 750,000 ounces of gold largely from alluvial gold deposits.

The Avoca project is located approximately 183 km west northwest of the Victorian state capital Melbourne, with good road access. The Avoca project occurs within the Stawell Zone, west of the Bendigo and Melbourne Zones.

Having previously been mined with a significant amount of gold production from both alluvial and hard rock high grade sources, Fosterville South considers the Avoca project is highly prospective for hard rock structurally controlled gold deposits. A number of major fault zones have been recognised that strike for several kilometres. Gold mineralisation within the Stawell zone is generally base metal sulphide related, which Fosterville South Exploration sees as an opportunity for disseminated or fine-grained gold mineralisation.

The significant hard rock historic mines within the Avoca licence include the high grade:

- Pyrenees Reefs - 16,199 tons mined for 16,602 ounces of gold to 130 meters at an average recovered grade of 32 g/t gold, worked from 1860 to 1912.
- Excelsior Reef - 13,200 tons mined for 9,260 ounces of gold to 100 meters at an average recovered grade of 22 g/t gold, worked from 1909 to 1915.
- Vale's Reefs – 1,444 tons mined for 1,388 ounces of gold to 52 meters at an average recovered grade of 29.4 g/t gold, worked from 1865 to 1883.
- Monte Christo Reefs – 2,795 tons mined for 937 ounces of gold to 30 meters at an average recovered grade of 10.3 g/t gold, worked from 1872 to 1877.

*The production noted above was obtained from State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter. All of the production occurred within the Avoca license.*

Defined mineralization shoots are present at both the Pyrenees Reef and Excelsior Reef, as shown from the underground mine plans held for both deposits.

In terms of alluvial gold deposit potential, the Avoca Sub-Basin, located within the Avoca project, is also projected to contain one of the largest unmined 'deep lead' alluvial gold deposits within Victoria.

#### *Timor Project*

The Timor project occurs immediately east of the Avoca project and occurs within the Bendigo Zone of the Lachlan Fold Belt.

The Timor project area contains numerous hard rock and alluvial gold deposits evidenced by significant historical workings. Historical alluvial production within the Timor project area is believed to have been in the region of 640,000 ounces of gold.

Around 20 hard rock workings can be considered to have been significant producers. These include the Leviathan group of mines, with recorded gold production of 56,474 ounces of gold from 189,085 tonnes, equating to a recovered grade of approximately 9.14 g/t gold. The Leviathan structural corridor hosts a number of parallel quartz veins with most of the production coming from one mine active in the early 1900s. Significant potential occurs within the various other veins and faults within the corridor to the north.

In addition, Shaw's Reef produced 16,881 tons mined for 12,623 ounces of gold to 130 meters at an average recovered grade of 22.9 g/t gold, worked from 1883 to 1891. Along strike of this fault zone arsenopyrite and stibnite mineralisation are recorded in association with the gold mineralisation indicating possible epizonal Fosterville style gold mineralisation.

Both these former mines lie on separate large regional north-south structures known to occur for tens of kilometres with a number of hard rock workings over their length. Neither of these two major

structures have had significant drilling within the tenement. One traverse of RC drilling was carried out across the Leviathan structure and one diamond drill hole too. No drilling has occurred specifically on the Shaw's reef fault zone. These two mineralised structures are the primary focus for Fosterville South Exploration within the project.

### **Terms of Transaction**

Under the terms of the purchase agreement, Fosterville South has agreed to pay AUD \$500,000 to Mercator in consideration of a 100% interest in the Gold Projects.

As additional consideration, Fosterville South will pay Mercator AUD \$1 for every one (1) ounce of gold or gold equivalent of measured resource, indicated resource or inferred resource ("Resource Estimate") within one or more of the tenements comprising the Gold Projects, which payment shall not exceed a total of AUD \$1,000,000. In the event Fosterville carries out commercial production on the Gold Projects, Fosterville South will pay Mercator AUD \$1 for every one (1) ounce of gold or gold equivalent ounces produced from one or more of the tenements comprising the Gold Projects, which payment shall not exceed a total of AUD \$1,000,000.

"We added three robust gold projects without any underlying royalty payments to Mercator. The deferred payments are minimal and are only payable as we increase the value of these projects," states Rex Motton, COO of Fosterville South.

FliteGold Pty Ltd., an entity controlled by Mr. Motton, holds a royalty over the Avoca project. Under separate negotiations, Fosterville South has agreed to issue 225,000 shares to FliteGold and, in consideration of which, FliteGold will terminate its royalty on the Avoca project. The termination of the royalty remains subject to acceptance of the TSX Venture Exchange.

### **Qualified Person**

The technical content of this news release has been reviewed, verified and approved by Rex Motton, P. Geo., COO and Director of Fosterville South; a qualified person as defined by NI 43-101. Historical records were verified by reviewing annual reports from previous owners of the licenses by the Qualified Person.

On behalf of the Company  
Bryan Slusarchuk  
Chief Executive Officer and Director

Adam Ross, Investor Relations  
Direct : (604) 229-9445  
Toll Free: 1(833) 923-3334  
Email: [info@fostervillesouth.com](mailto:info@fostervillesouth.com)

### **Forward-Looking Statements**

*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. Fosterville South cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by many material factors, many of which are beyond their respective control. Such factors include, among other things: risks and uncertainties relating to Fosterville South's limited operating history, its proposed exploration and development activities on its Lauriston and Golden Mountain Properties and the need to comply with environmental and governmental regulations. 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, Fosterville South does not undertake to publicly update or revise forward-looking information.*

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