

Fosterville South share price soars on Victoria properties spin out



Fosterville South Exploration (TSX.V: FSX)

Announced that the Board of Directors of the Company has unanimously approved a spin out transaction whereby Fosterville South will distribute the shares of a new company named **Leviathan Gold Ltd.** to the shareholders of Fosterville South.

Leviathan Gold will undertake an equity financing to fund the exploration, advancement and development of the Avoca and Timor projects.



FOSTERVILLE SOUTH
EXPLORATION

Fosterville South Exploration Ltd. (“Fosterville South” or the “Company”) (TSXV: FSX) (OTC: FSXLF) (Frankfurt: 4TU) is pleased to announce that the Board of Directors of the Company has unanimously approved a spin out transaction (the “Spin Out”) whereby Fosterville South will distribute the shares of a new company named Leviathan Gold Ltd. (“Leviathan”) to the

shareholders of Fosterville South, following which Leviathan will undertake an equity financing to fund the exploration, advancement and development of the Avoca and Timor projects.

Highlights:

- Creates immediate shareholder value for Fosterville South shareholders as each Fosterville South shareholder will receive one share of Leviathan for every share held of Fosterville South as of record date.
- Highly experienced new management team of Leviathan, led by **Luke Norman**, will explore, advance and develop the Timor and Avoca assets.
- Lauriston Gold Project, Golden Mountain Project, Providence Project and Walhalla Belt Project will continue to be held and advanced by Fosterville South.

The implementation of the Spin Out of these granted exploration licenses is subject to, among other things, Fosterville South shareholder approval, court approval, regulatory approvals, completion of a financing by Leviathan in an amount of at least \$5,000,000 and TSX Venture Exchange (the "Exchange") approval, including Exchange approval of the listing of the common shares of Leviathan on the Exchange.

Fosterville South Chief Executive Officer, Bryan Slusarchuk, stated, *"Victoria is experiencing a boom, and with great reason. It is an incredible jurisdiction and has amazing geology with a history of high-grade gold production. While this modern day gold-rush is warranted, we feel fortunate to have had a multi-year head start, with Rex Motton (our COO) having started assembling the Fosterville South land package years before the huge influx of companies we see today. We now*

have a land assembly of more than 2,700 square kilometres as a result of this early mover status in the region. Today, we announce a corporate transaction that brings Luke Norman and his team into the area. While we at Fosterville South concentrate on Lauriston, Golden Mountain, Providence and Walhalla, Luke's highly experienced technical and capital markets team will run with the exceptional projects that form the basis of today's transaction."

Assets for Spin Out

Fosterville South will retain ownership of all of its core gold focused properties: the Lauriston Gold Project, the Golden Mountain Project, the Providence Project and the Walhalla Belt Project.

All of these properties have significant high-grade historical mining, potential for orogenic gold deposits and compelling drill targets. Fosterville South is currently drilling, as previously reported, at the Golden Mountain project and is actively preparing targets at Lauriston for drilling.

Leviathan will acquire the Avoca and Timor granted exploration licenses located in the state of Victoria.

Avoca Project

The Avoca project is centred on mesothermal quartz-vein-hosted gold and related placer-style "deep lead" gold mineralisation. 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 kilometres 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 hardrock high-grade sources, Fosterville South considers the Avoca project is highly prospective for hardrock structurally controlled gold deposits. A number of major fault zones have been recognized that strike for several kilometres. Gold mineralisation within the Stawell zone is generally base metal sulphide related, which Fosterville South 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 metres 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 metres 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 metres at an average recovered grade of 29.4 g/t gold, worked from 1865 to 1883; and
- Monte Christo reefs – 2,795 tons mined for 937 ounces of gold to 30 metres 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 the production occurred within the Avoca licence.

Defined mineralisation 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 subbasin, 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 hardrock 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 hardrock 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 several 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 metres 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 is

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 hardrock 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 a primary focus for exploration within the project.

Terms of Transaction

Under the terms of the Spin Out, the shareholders of Fosterville South will receive one share of Leviathan for each share of Fosterville South held. The Spin Out will also provide that the shares issued under the Spin Out will be subject to the following restrictions on resale: 25% will be restricted for four months, an additional 25% will be restricted for eight months, an additional 25% will be restricted for twelve months, and the final 25% will be restricted for sixteen months.

It will be a condition to closing of the Spin Out that Leviathan obtains a listing as a publicly traded company on the TSX Venture Exchange under the name "Leviathan Gold Ltd." Further, Leviathan plans to undertake a financing of \$5,000,000 in connection with the Spin Out. The price and other terms of the financing will be announced soon, and it is envisioned that common shares issued in this financing will be the only free trading shares of Leviathan at the date of listing.

The proposed board of directors of Leviathan will include Luke

Norman and Robert Schafer. Luke Norman will be the Chief Executive Officer of Leviathan. Leviathan will issue a total of 6,000,000 common shares of Leviathan to the new management team as a part of the Spin Out.

Proposed Board of Directors of Leviathan

Luke Norman, Proposed Chief Executive Officer and Director

Luke Norman is a seasoned growth executive with 20 years of experience in the venture capital markets. He has raised in excess of \$300 million for both public and private companies predominantly in the resource sector. In recent years, Mr. Norman has operated a consultancy company to the metals and mining industry. He also co-founded **Gold Standard Ventures Corp.**, a TSX-V and NYSE Market listed gold exploration company and **US Gold Corp.**, listed on the Nasdaq exchange. He is the Chairman of **Silver One Resources**, a silver pre-development and exploration company listed on the TSX-V. Mr. Norman brings expertise in mineral exploration, finance, corporate governance, M&A and corporate leadership to his role as President & CEO

Robert Schafer, Proposed Director

Mr. Schafer has nearly 40 years of experience in the mineral industry, working in the international sector with both major and junior mining companies. He is founder and Managing Director of **Eagle Mines Management**, a globally active private natural resources corporation. He has held executive and senior management positions with **Hunter Dickinson Inc.**, **Kinross Gold Corp.**, and **BHP Minerals** over the past 20 years. Throughout his career, Bob has worked internationally, with notable experience in the far east of Russia, Southern Africa, South America and Australia.

Mr. Schafer's work has included the structuring and

implementation of successful exploration strategies, project reviews and valuations leading to acquisitions, and the management of local and expatriate exploration teams operating in a wide variety of geologic environments. In addition, Bob is the Past-President of the PDAC and Past-President of the Canadian Institute of Mining and Metallurgy (CIM) in Canada. In addition, he is the 2020-21 President of the Society for Mining, Metallurgy and Exploration (SME) and a Past President of the Mining and Metallurgical Society of America and the Geological Society of Nevada in the USA.

Fosterville South has retained Fasken Martineau DuMoulin LLP as special legal counsel for the Spin Out transaction, and Clarus Securities Inc. to provide a fairness opinion on the Spin Out.

Qualified Person

The technical content of this news release has been reviewed, verified and approved by Rex Motton, P. Geo., C00 and Director of Fosterville South; a qualified person as defined by NI 43-101. Historical records were verified by reviewing State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter.

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

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 the receipt approvals to complete the Spin-Out, the satisfaction of the conditions precedent to the completion of the Spin Out, exploration risk with respect to the Avoca and Timor Projects, 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.