Roxgold bought by Fortuna Silver Mines

Roxgold (TSX: ROXG)

Announced that they have entered into a definitive agreement whereby Fortuna Silver Mines will acquire all the issued and outstanding securities of Roxgold pursuant to a plan of arrangement.

Roxgold	TSX : ROXG
Stage	Production + exploration
Metals	Gold
Market cap	C$787 m @ C$2.1
Location	Burkina Faso and Ivory Coast

Roxgold bought by Fortuna Silver Mines

VANCOUVER – **Fortuna Silver Mines Inc.** (“**Fortuna**” or the “**Company**”) (NYSE: FSM) (TSX: FVI) and **Roxgold Inc.** (“**Roxgold**”) (TSX: ROXG) (OTCQX: ROGFF), are pleased to announce that they have entered into a definitive agreement (the “**Arrangement Agreement**”) whereby Fortuna will acquire all the issued and outstanding securities of Roxgold pursuant to a plan of arrangement (the “**Transaction**”).

Under the terms of the Transaction, Roxgold shareholders will receive 0.283 common shares of Fortuna and C$0.001 for each

Roxgold common share held. Upon completion of the Transaction, existing Fortuna and Roxgold shareholders will own approximately 64.3% and 35.7% of the pro forma company, respectively.

*The exchange ratio implies a consideration of approximately **C$2.73 per Roxgold common share** based on the closing price of the Fortuna common shares on the Toronto Stock Exchange (“**TSX**”) on April 23, 2021, representing a 42.1% premium to the closing price of Roxgold on the TSX on the same date.*

Based on the 20-day volume weighted average price of the Fortuna shares and the Roxgold shares on the TSX for the period ending April 23, 2021, the exchange ratio implies a premium of 40.4% to Roxgold shareholders. The implied fully diluted in the-money equity value of the Transaction is estimated at approximately C$1.1 billion.

Thesis for the merger

- Creating a low-cost platform for gold and silver production growth in the world’s fastest growing precious metals producing regions
- Anticipated annual gold equivalent[1] production profile of approximately 450,000[1,2,7] ounces
- AISC[3] of approximately US$950[5] per gold equivalent ounce with a declining cost profile
- Extensive brownfield and greenfield organic growth potential supported by a large base of Mineral Reserves and Mineral Resources in Latin America and West Africa
- Lower cost of capital and strong balance sheet to fund the construction of the **Séguéla gold Project** in Côte d’Ivoire, advance exploration of the Boussoura gold Project in Burkina Faso as well as other organic and external growth opportunities

Transaction Highlights

- **Creates a premier growth-oriented global intermediate gold and silver producer, well positioned to pursue compelling organic and inorganic growth opportunities:** Anticipated annual gold equivalent[1] combined production of approximately 450,000[1,2,7] ounces at AISC[1,3] of approximately US$950[5] per gold equivalent ounce
- **Bringing together two highly experienced management teams with track records of value creation in the Americas and in West Africa:** Fortuna will benefit from the in-region operating experience of key members of Roxgold's team
- **Diversified, complementary portfolio of four quality operating assets and a development project in prolific jurisdictions:** Projected pro forma average annual EBITDA[2,3] of over US$500 million[2,4] (2021E to 2023E)
- **Attractive near-term free cash flow profile with a robust pipeline of high-upside exploration assets:** Boussoura, a gold exploration project with a maiden resource expected in the second half of 2021[6], over twenty satellite targets identified at Séguéla, and an extensive portfolio of early-stage exploration assets in Côte d'Ivoire and Mexico
- **Participation in enlarged company with strong balance sheet, significantly higher liquidity, greater scale, and enhanced capital markets relevance:** Lower cost of capital and stronger balance sheet to fund Séguéla construction and Boussoura's development; flexibility to pursue other organic and external growth opportunities
- **Pro forma market capitalization and P/NAV multiple puts**

Fortuna in a stronger position to compete for meaningful assets in the Americas and in West Africa: A rapidly growing and highly prospective mining jurisdiction
- **Silver will continue to be a meaningful contributor to revenue:** Silver exposure largely in line with silver producer peers. Proforma Fortuna will continue to pursue meaningful and accretive silver opportunities

Notes:

1. Gold equivalent based on the following commodity price assumptions: US$1,800/oz Au, US$22/oz Ag, US$1,900/t Pb, and US$2,300/t Zn

2. Production profile estimation assumes the successful construction of the Séguéla gold Project based on the Feasibility Study announced by Roxgold on April 19, 2021

For brevity, this summary has been abridged. To read the full news release, please click HERE

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