

Medgold Resources Corp. is announced a C\$1.5-million strategic investment in the Company by Fortuna Silver Mines Inc., a leading mid-tier precious metals miner. The private placement is part of a broader strategic alliance between Medgold and Fortuna to explore for precious metal deposits in Serbia. Subject to stock exchange approval, Fortuna will purchase 10.0 million units at \$0.15 per unit, representing a premium of 36% to the closing price of Medgold's shares on June 10. Each unit is comprised of one common share in Medgold and one warrant entitling Fortuna to acquire one additional Medgold common share at \$0.15 for a period of 12 months.

Medgold will use the proceeds of the private placement on project-generating exploration in Serbia within 12 months. If Fortuna exercises its warrants, Medgold will use the exercise proceeds on further exploration work in Serbia within 12 months following the date of the warrant exercise.

In conjunction with the private placement, Medgold has granted Fortuna the right to enter into an option agreement to earn up to a 70% interest in one of the geological target areas identified by Medgold's project generation and exploration work in Serbia, by spending a total of US\$8.0 million on the Selected Property and completing a PEA.

Dan James, the President of Medgold, said: "I'm delighted to welcome Fortuna as a strategic investor into Medgold. Our early-stage work in Serbia is already generating some very interesting targets - we have eight licences currently under application with the Ministry of Mines. Our agreement with Fortuna firstly secures the funding we need -at a premium to market- to kick off an aggressive project generation program in the country. Secondly, it provides Medgold with a potential partner for the advanced exploration to possible PEA level of at least one of the targets generated by our work.

Once we make a discovery, we can tap into the experience of Fortuna's first-rate mining, engineering and geological team who have re-commissioned the Caylloma mine in Peru, and built and operate a modern underground silver-gold mine at San Jose in Mexico, which is acknowledged as one of the best run silver mines in the industry. Fortuna's geological team has already spent time on the ground with our geologists reviewing some early-stage targets and we're excited to start working with them as we move our strategic alliance forward."

Option Terms

To acquire an initial 51% interest in the Selected Property, Fortuna must spend a minimum of US\$3.0 million on the Selected Property by no later than the third anniversary of the date of the option agreement. Once it has earned 51% Fortuna can elect to form a 51:49 joint venture with Medgold to further develop the Selected Property; or Fortuna can elect to be granted the option to earn an additional 19% interest in the Selected Property by



Medgold secures \$1.5-million investment and strategic alliance for Serbian exploration

completing a Preliminary Economic Assessment on the Property and spending an additional US\$5.0 million in qualified expenditures within three years following the date of the election by Fortuna.

source: marketwatch.com