



Gold Springs Resource Announces Non-Equity Financing Structure of up to US\$20 Million to Fund Comprehensive Exploration Program at Gold Springs; Expects to Close First US\$2 Million Tranche by the End of April

April 20, 2021, Vancouver, British Columbia— Gold Springs Resource Corp. (TSX: GRC, OTCQB: GRCAF) (the “**Company**”) is pleased to announce that it intends to complete an ongoing non-brokered private placement (the “**Offering**”) of up to US\$20,000,000 comprised of a US\$10,000,000 initial funding round of Series A Secured Rights (the “**Series A Secured Rights**”) and a subsequent US\$10,000,000 second funding round of Series B Secured Rights (the “**Series B Secured Rights**”) and together with the Series A Secured Rights, the “**Secured Rights**”).

The Company expects to close a first tranche of the Offering (the “**First Tranche**”) by the end of the month, in the amount of US\$2,000,000 Series A Secured Rights, with US\$1,000,000 of the Series A Secured Rights being subscribed for by a director of the Company.

The objective of the Offering is to fund a comprehensive exploration program (the “**Resource Expansion Program**”) at the Company’s Gold Springs Project, located on the border of Nevada and Utah, USA (the “**Gold Springs Project**” or “**Project**”), which program has already commenced. The Resource Expansion Program is designed to significantly expand the Project’s gold and silver resources, by drilling its numerous targets, and will also include the completion of an environmental impact statement and the mine-permitting process, a pre-feasibility study supporting the expanded mineral resource estimate, and extensive metallurgical test work. The Company is to incur expenses in the Resource Expansion Program in an amount equal to no less than 95% of the amount of the gross proceeds of the Offering. If the Company’s drilling results are successful at supporting at least a 3 million gold-equivalent (gold and silver) ounce mineral resource estimate, the Company would turn its focus to selling the Gold Springs Project to a third party (an “**Exit Transaction**”).

Matias Herrero, President and CEO, stated “We believe the Offering is a *one-stop shop* for the end-to-end financing needs of the Project. It is an attractive proposition for investors looking to benefit from the Project’s growth, with a secured, alternative investment to conventional equity. For existing shareholders, the Offering should be attractive as it minimizes the equity dilution that typically results from large exploration programs”.

Series A Secured Rights

The purchasers of Series A Secured Rights are entitled, per each US\$1 million invested, and upon the occurrence of an Exit Transaction, to receive payment of 1.5% of the net sales proceeds received pursuant to the Exit Transaction (the “**Series A Exit Transaction Price**”).

Series B Secured Rights

The purchasers of Series B Secured Rights are entitled, per each US\$1 million invested, and upon the occurrence of an Exit Transaction, to receive payment of 1.0% of the net sale proceeds received pursuant to the Exit Transaction (the “**Series B Exit Transaction Price**”) and collectively with the Series A Exit Transaction Price, the “**Exit Payments**”).

Non-Exit Transaction Payments

In the event of certain “Non-Exit Transaction Payment Triggering Events” the holders of the Secured Rights may elect to receive a cash payment equal to five (5) times the amount invested by each holder (the “**Non-Exit Transaction Payment**”).

A “Non-Exit Transaction Payment Triggering Event” includes: (a) a hostile take-over bid of the Company; (b) a sale of the Gold Springs Project (or the Company) prior to when the Company has announced a 3 million gold-equivalent (gold and silver) ounce mineral resource estimate, where such sale occurred without the requisite consent of the holders of the Secured Rights; (c) the Company spending less than 95% of the gross proceeds of the Offering on the Resource Expansion Program (subject to a reasonable period to cure an alleged breach upon receipt of a notice of default); (d) the Company having made an untrue statement of a material fact in certain representations and warranties set out in the Indenture (as defined below); and (e) the Company filing for bankruptcy.

Indenture and Security for Payments

The terms of the Secured Rights will be set out in an indenture (the “**Indenture**”) to be entered into on the date of closing of the First Tranche between the Company; the Company’s direct, wholly-owned subsidiary, High Desert Gold Corporation (“**High Desert**”); and AST Trust Company (Canada), as agent for the Secured Rights. High Desert will guarantee (the “**Guarantee**”) the Company’s obligation to make the Exit Payments or the Non-Exit Transaction Payments, as the case may be. High Desert will, as security for the Guarantee, pledge, on a graduated basis, the issued and outstanding shares of its direct, wholly-owned subsidiary, Gold Springs Resource Corp. (Delaware).

US\$2 Million First Tranche

As noted above, the Company expects to close the First Tranche in the amount of US\$2,000,000 Series A Secured Rights by the end of the month.

Investors in the First Tranche will also be issued 2,000,000 common share purchase warrants (“**Warrants**”), with each Warrant entitling the holder to purchase one common share of the Company for a period of two years from the issue date at a price which is equal to the volume weighted average trading price of the Company’s common shares on the Toronto Stock Exchange for the five trading days immediately preceding the business day prior to the date of closing. Investors who purchase Series A Secured Rights prior to the Company having issued the first drill results from the Resource Expansion Program are entitled to 1,000,000 Warrants for every US\$1,000,000 invested in Series A Secured Rights, with the warrant exercise price to be determined in the context of the market at the time of issuance of such Warrants.

The securities issued under the Offering will be subject to a four-month hold period from the closing date. The securities offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state



securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor in any other jurisdiction.

One of the investors is a director of the Company and is therefore a “related party” of the Company (as defined by Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”). The Company is relying on the exemptions from both the formal valuation requirement and the minority shareholder approval requirement under sections 5.5(a) and 5.7(1)(a), respectively, of MI 61-101, on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves the investing director, exceeds 25 per cent of the Company’s market capitalization calculated in accordance with MI 61-101. The Company did not file a material change report more than 21 days before the expected First Tranche closing date of the Offering as the Company wishes to close the First Tranche on an expedited basis to provide required funding for its ongoing Resource Expansion Program and to facilitate additional participation in the Offering.

About Gold Springs Resource Corp.

Gold Springs Resource Corp. (TSX: GRC and OTCQB: GRCAF) is focused on the exploration and expansion of the gold and silver resources of its PEA-stage Gold Springs Project located on the border of Nevada and Utah, USA. The Gold Springs Project is situated in the prolific Great Basin of Western USA, one of the best mining jurisdictions in the world.

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Forward Looking Statements

Certain statements contained herein constitute “forward-looking information” under applicable Canadian securities laws (“forward-looking statements”). Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as “intend”, “planned”, “believe”, “would”, “will”, “estimate” and similar expressions.

All statements, other than statements of historical fact that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this release include, without limitation, statements with respect to the Offering and the timing and closing of the First Tranche, the gross proceeds of the Offering, the use of proceeds from the Offering, the occurrence of an Exit Transaction or a Non-Exit Transaction Payment Triggering Event, the planned expansion of the gold and silver resources and Resource Expansion Program at the Gold Springs Project and the acquisition of the Gold Springs Project by an acquirer. Forward-looking statements are subject to a number of risks and uncertainties that may cause our actual results to differ materially from those discussed in the forward-looking statements and, even if

such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, us. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and cost of funds; additional closings of the Offering; uncertainties and risks relating to the expansion of the Gold Springs Project and Resource Expansion Program, potential risks and uncertainties relating to the ultimate geographic spread of the novel coronavirus (COVID-19), the severity of the disease, the duration of the COVID-19 outbreak, actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact and the potential negative effects of COVID-19 on the global economy and financial markets; and other risks related to our business and the Offering. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, we disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.