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Northgold resolves on a directed share issue of MSEK 10.4 to fund continued exploration and development activities

The board of directors of Northgold AB (Nasdaq First North Growth Market: "NG", "Northgold" or the "Company"), a Swedish gold exploration and development company, has today, based on the authorization from the annual general meeting on 29 June 2022, decided to carry out a directed share issue (the "Directed Share Issue"). The share issue is directed to a limited number of new and current investors, including an investment of MSEK 2.8 from TSX-listed Rupert Resources Ltd. ("Rupert Resources"), the seller in Northgold's acquisition of all shares in Northern Aspect Resources Oy which was announced earlier today. The subscription price in the Directed Share Issue amounts to SEK 12.50 per share and in total 831,120 shares have been subscribed. The Company will receive MSEK 10.4 before transaction costs to fund continued systematic exploration and development activities, with a primary focus on the Kopsa and Kiimala projects within the Middle Ostrobothnia Gold Belt. In connection with the Directed Share Issue, lock-up undertakings of six months have been entered by Rupert Resources, Northgold's five current largest shareholders, the board of directors and the executive management.

The Company's board of directors has made an overall assessment and carefully considered the possibility of raising capital through a rights issue. The conclusion of this assessment is that the Directed Share Issue is objectively the best alternative for the Company and its shareholders. The reasons for that, and for deviating from the shareholders preferential rights, are to diversify the Company's shareholder base with long-term strategic investors which will strengthen the Company's shareholder base and to carry out a capital raise in a time- and cost-efficient manner to finance further exploration and development activities. The share issue is directed to long-term strategic investors, including Rupert Resources, that bring industry knowledge and expertise to the Company, which the board of directors place great importance to for the development of Northgold's long-term value. Implementing a rights issue in the current market conditions would entail a risk that the Company fails to meet its capital needs and by so fail to maintain an optimal capital structure. The board of directors has also considered the high number of rights issues that has been carried out on Nasdaq First North Growth Market recently, and that the transaction costs for a rights issue, such as advisory fees and underwriting compensation, would be unproportional to the limited size of the required capital.

In total, 831,120 shares have been subscribed by current shareholders and new investors, including the seller of Northern Aspect Resources Oy, Rupert Resources, that has committed to invest MSEK 2.8 in Northgold in the Directed Share Issue. The subscription price amounts to SEK 12.50 per share and Northgold will receive MSEK 10.4 before transaction costs from the Directed Share Issue. The subscription price corresponds to a discount of approximately 16.1 percent to the Company's closing price on Nasdaq First North Growth Market on February 8, 2023, and a discount of approximately 14.0 percent to the volume-weighted average price (VWAP) in Northgold's share during the period from and including January 19, 2023, until and including February 8, 2023. The subscription price in the Directed Share Issue has been established through arms' length negotiations with a number of investors taking the prevailing market conditions into account. Thus, the Company's board of directors is of the opinion that the subscription price has been set at market terms and accurately reflects current market conditions and demand.

The proceeds from the Directed Share Issue will be used to fund systematic exploration and development activities at the Kopsa and Kiimala Trend projects into 2024, and also to fund the additional nearer-term financial responsibilities associated with the acquisition of Northern Aspect Resources Oy and the Hirsikangas project, including some additional tenement fees, a core shack lease, and the salary of a senior geologist employee.

Mitch Vanderydt, Northgold CEO, comments:

"This cash injection anchored by our new major shareholder Rupert Resources strengthens our cash position, increases Rupert's stake in Northgold to 9.1%, and will cover exploration and development activities across our projects into next year, including the new financial responsibilities associated with the acquisition of the Hirsikangas gold project, which certainly create some cost synergies given the project's close proximity to our other two projects in the belt. And we are pleased to combine this strengthened cash position with the additional sweetener of a share lock-up agreements for board, management and five largest shareholders, which bolsters their continued support of the Company."

Share capital and dilution

Taking into account the directed set-off issue to Rupert Resources announced in a separate press release earlier today, the Company's share capital will increase by approximately SEK 58,529.41 to approximately SEK 862,095.75. The number of shares and votes in the Company will increase by 831,120 shares and votes to a total of 12,241,794 shares and votes. The dilution from the Directed Share Issue amounts to approximately 6.79 percent of the capital and votes of the Company.

Lock-up undertakings

Rupert Resources, Northgold's five current largest shareholders, all board members and all executive management members have, in relation to August and with customary exceptions, undertaken not to sell, transfer, or otherwise dispose of their securities in the Company for a period of six months, beginning today.

The lock-up undertakings amount to 67.0 percent of the outstanding Northgold shares (based on the number of shares in Northgold after the acquisition of Northern Aspect Resources Oy and the Directed Share Issue), which is broken down by shareholder below.

Shareholder	Number of shares under lock-up	Post-transactions ownership
Magnus Minerals Oy	2,904,080	23.7%
Richard Gazal	1,177,524	9.6%
Rupert Resources	1,116,000	9.1%
Andrew Randall	817,117	6.7%
Kimberly Wrixon	640,000	5.2%
Aurora Exploration Oy	603,400	4.9%
Henrik Löfberg	331,340	2.7%
Timo Mäki	320,000	2.6%
Mitch Vanderydt	148,284	1.2%
Nazgero Consulting Services LTD (Roberto Garcia Martinez)	112,931	0.9%
Hylbo Gård AB (Otto Persson)	21,552	0.2%
Mj Modén Förvaltning AB (Mattias Modén)	10,800	0.1%
Total	8,203,028	67.0%

Advisors

[Augment Partners AB](#) is financial advisor and Advokatfirman Schjødt is legal advisor to Northgold in connection to the Directed Share Issue.

For additional information, please contact the CEO:

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About Northgold

Northgold is a Swedish gold exploration and development Company with multiple resource-stage projects in the Middle Ostrobothnia Gold Belt (MOGB) of Central Finland, including the Kopsa Gold-Copper project and the Kiimala Trend Gold project. The Company strives to find and extract gold from under-prospected areas in Finland. More information is available on www.northgoldab.com.

Augment Partners AB, tel. +46 8-604 22 55 info@augment.se, is acting as the Company's Certified Adviser.

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Forward-looking statements

This announcement may contain certain forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies, and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies, and other important

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This information is information that Northgold AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-02-08 20:10 CET.

Attachments

[Northgold resolves on a directed share issue of MSEK 10.4 to fund continued exploration and development activities](#)