

The Board of Directors of Northgold AB decides on a directed issue of units of initially approx. SEK 6 million.

The Board of Directors of Northgold AB ("Northgold" or "the Company") has today, the 29 September 2023, decided to carry out a directed issue of 1 174 100 units, consisting of shares and warrants, of initially approximately SEK 6 million before transaction costs (the "Directed Issue", "Issue"). The subscription price per unit is SEK 5.09 and each unit consists of 1 share and 1 warrant. Upon full exercise of all warrants issued in the Directed Issue, the Company can receive an additional approximately SEK 7.7 million before transaction costs. The Issue is directed to a limited number of existing institutional and strategic shareholders, including Zenito Silver and Gold, Kati Capital, and parties related to Starboard Global, along with a small group new strategic investors. The participation of existing institutional investors in the Issue provides strategic long-term value for the Company and stabilizes the capital structure, which is deemed to create value for all existing shareholders. Sedermera Corporate Finance AB assists the Company as financial advisor in connection with the Directed Issue.

Background

The Company aims to raise a total of SEK 13.7 million through the Directed Issue of units. The initial part of the transaction will provide the company with SEK 6 million and the warrants can provide an additional SEK 7.7 million. The subscription price in the Issue is SEK 5.09 per unit. The subscription price equals a discount of 15.7% to the volume weighted average price ("VWAP") 20 days before the Board's decision. The price was determined through extensive negotiations at arm's length through market sounding by the Company's financial advisor with both existing institutional shareholders and external investors. With the financing, the Company intends to fund a Kopsa 2024 interim resource update, Kopsa PEA, and a geophysical survey at Kopsa to help define deep drill targets that could expand the recently discovered depth extension (see press release dated 20 September 2023). With financing from the Directed Issue, the company will be funded through 2024.

Mitch Vanderydt, Northgold CEO, comments:

"I am very happy that we managed to carry out this capital raise in a time and cost-efficient manner and on good terms for the existing shareholders. The fact that our long-term investors Zenito Silver and Gold investment fund and members of Starboard Global private equity group strengthened their interest in Northgold is another big advantage for us. Northgold is currently in a very interesting position with the results from recent asset updates confirming deep, wide gold intersections at Kopsa. Now we have also secured funding to further develop the project and unlock great potential and create shareholder value."

Use of proceeds and motive

Through the Directed Issue the Company will initially receive approx. SEK 6 million and if all warrants issued are exercised, the Company can receive an additional maximum of approx. SEK 7.7 million before transaction costs. The capital provided to the Company through the capitalization is primarily intended to fund:

- Kopsa interim resource update incorporating 2023 drill results
- Kopsa Preliminary Economic Assessment (PEA)
- Geophysical survey and deep drill hole planning at Kopsa
- General working capital purposes

Reasons for deviation from existing shareholders' preferential rights

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 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 (i) that a rights issue would take a significantly longer time to complete and increase the risk for an adverse effect on the share price, especially in light of the current market volatility and the challenging market conditions for smaller companies, (ii) to diversify and strengthen the Company's shareholder base with institutional and new private investors, (iii) to carry out the Directed Issue can be made at a significantly lower cost and with less complexity than a rights issue and because of current market conditions, the Board of Directors has assessed that a rights issue would also require external underwriting from guarantors that would entail additional significant costs. Considering the above, the Board of Directors has made the assessment that the Directed Issue with deviation from the shareholders' preferential right is the most favorable alternative for Northgold to finance the announced objectives, it creates value for the Company and is in the best interest of the Company's shareholders.

Prior to the resolution on the Directed Issue, the Board of Directors has put a lot of emphasis on the subscription price to ensure it is carried out at market terms. The subscription price corresponds to a discount of approximately 15.7% in relation to the VWAP 20 days before the Board's decision to carry out the Directed Issue and has been determined through extensive negotiations at arm's length by the Company's financial advisor with both existing institutional shareholders and external investors through market sounding. It is the Board of Directors' assessment that the subscription price has been set at market terms, not in the least since investors have been able to purchase shares at a lower or equal price to the subscription price for a long period of time before the Directed Issue. Additionally, transactions within the same segment as the Company that have carried out transactions of similar structure have been executed at similar terms which strengthens the Board's assessment of the subscription price being in line with market terms.

The shareholder base has, through the Directed Issue, been additionally strengthened by the subscription from the current shareholders Zenito Silver and Gold, Kati Capital, Rapid Star Ltd Kimberly Wrixon, Richard Gazal, Mark Ellis, Gerhard Dal, Darren Vanderydt, Alexandra Vanderydt and Carolyn Vanderydt. The reason for the participation of existing shareholders in the Directed Issue is that these shareholders have expressed and demonstrated a long-term interest in the Company, which, according to the Board of Directors, creates security and stability for both the Company and its shareholders. Additionally, a new group of new long-term and strategic investors; Pronator Invest, Niclas Löwgren, Thorbjörn Wennerholm, Jimmie Landerman, Daniel Frändberg, and Fredrik Åhlander, have subscribed for units in the Directed Issue providing the Company with even more stability in the shareholder base and funding to execute on the milestones mentioned above.

Terms for the Directed Issue

The Board of Directors has today decided on a Directed Issue of 1 174 100 units, consisting of 1 174 100 shares and 1 174 100 warrants of series TO 1 ("TO 1"). The Directed Issue will initially provide the Company with approx. SEK 6 million before transaction costs. In the event of full exercise of all TO 1, the Company can receive additional proceeds of up to approx. SEK 7.7 million.

Each unit consists of one (1) share and one (1) warrant. The subscription price in the Directed Issue has been set at SEK 5.09 per unit, which corresponds to SEK 5.09 per new share. The warrants will be issued free of charge.

The Directed Issue will initially increase the share capital by SEK 82 682,867 068, from SEK 863 693,85 to SEK 946 376,716 211 and the total number of shares will increase by 1 174 100 shares, from 12 264 487 shares to 13 438 587 shares. Existing shareholders who don't participate in the Directed Issue will experience a dilution effect corresponding to approx. 8,74% of the votes and capital, calculated on the number of shares in the Company after the Directed Issue.

Terms for warrants of series TO 1

One (1) TO 1 will entitle the holder to subscribe for one (1) new share in Northgold, during the exercise period which runs from the 25 March 2024 until the 10 April 2024. The subscription price in the warrant exercise will amount to SEK 6.617. Northgold can through the warrants receive up to SEK 7.7 million before transaction costs if all TO 1 are exercised. Through the warrant exercise, the share capital can increase by a maximum of SEK 82 682,867 068. Assuming that TO 1 is fully exercised, the exercise will result in an additional dilution of approx. 8,03% of the votes and capital.

Advisors

In connection with the Directed Issue, Northgold has assigned Sedermera Corporate Finance AB as financial advisor, Markets & Corporate Law Nordic AB as legal advisor, and Nordic Issuing AB as issuing agent.

For more information about the Directed Issue, please contact:

Sedermera Corporate Finance AB
Phone: +46 (0)40 615 14 10
E-mail: cf@sedermera.se
www.sedermera.se

For further information about the Company, please contact:

Mitchell J. "Mitch" Vanderydt
E-mail: ir@northgoldab.com
Website: www.northgoldab.com

Certified Adviser

Augment Partners AB
Phone: +46 8-604 22 55
E-mail: info@augment.se

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, Kiimala Trend Gold project, and Hirsikangas Gold project. The Company strives to find and extract gold from under-prospected areas in Finland. More information is available on www.northgoldab.com.

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Forward-looking statements

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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 2023-09-29 19:30 CEST.

Attachments

[The Board of Directors of Northgold AB decides on a directed issue of units of initially approx. SEK 6 million.](#)