



Danderyd, February 22, 2019

### **COPPERSTONE: VISCARIA ACQUISITION WILL CLOSE AS FINANCING CONCLUDED**

**Copperstone has signed an agreement with Yorkville Advisors Global, LP (“Yorkville”) for financing of up to 100 MSEK through a convertible debt facility. The Viscaria transaction will be closed with the first tranche of the convertible debt facility of 22.5 MSEK after an amendment to the Share Sale and Purchase Agreement (the “SPA”) with Sunstone Metals. The transaction will result in a five-fold increase in copper resources and will make Sunstone the largest shareholder of New Copperstone.**

The SPA with Sunstone has been amended, so that the cash to be paid on closing is SEK 20 million, with a remaining cash amount of SEK 20 million to be paid no later than four months following closing. The remaining cash amount shall accrue an annual interest of 7%. The agreement’s share component of 160 million B shares in Copperstone remains unchanged. (For details, please refer to [www.copperstone.se](http://www.copperstone.se) press release “Viscaria Copper Project: Share Sale and Purchase Agreement Signed” early October 2018.)

“Finalizing the deal will allow us to move ahead with our plans for this new and stronger company”, said Michael Mattsson, CEO of Copperstone. “Viscaria adds significant value and we now plan to strengthen our organization to fully benefit from synergies and to bring the projects forward in parallel.”

The deal increases the company copper resource base five-fold, as 609,000 tons of Viscaria (of different code-compliant resource classes) is added to the copper resource recently announced at Granliden/Svartliden, and the resources indicated by North Atlantic Natural Resources at Eva. The deal also brings in new relevant competence with Sunstone.

#### **Transaction structure**

According to the amended SPA, Copperstone will amortize the loan to Sunstone within four months, otherwise it will be converted into B-shares at 10% discount on the VWAP 10 trading days preceding the 4 month expiration.

As security for the due and punctual payment by Copperstone of the Sunstone loan, Copperstone shall at closing pledge 25 percent of the shares in Viscaria to Sunstone. The pledge will be released once the loan has been repaid or converted into shares of series B.

Closing of the Viscaria transaction will take place no later than ten business days following registration with the Swedish Companies Registration Office of the convertible notes issued to Yorkville under the first tranche of the convertible debt facility.

Copperstone has signed a binding agreement with Yorkville regarding a convertible facility of maximum 100 MSEK, divided into tranches of maximum 20-22.5 MSEK. 20 MSEK of the first tranche of 22.5 MSEK will be used to pay Sunstone to finalize the acquisition of Viscaria. The first tranche has been called upon and 22,5 MSEK shall be paid to Copperstone within 5 (five) days.

“We have negotiated a setup with Yorkville that gives us control and a great deal of flexibility regarding financing ahead. I have personally overall positive experiences with similar setups. It is also very satisfying to be able to close the Viscaria transaction, which is a great value creator for our shareholders,” said Ann Zetterberg-Littorin, Chairman of the Board.

“We are excited to be working with Copperstone Resources AB, in facilitating this mining asset acquisition and providing growth financing to expand its project portfolio. As one of the first providers of this type of financing, Yorkville has a long experience in contributing to positive value growth for shareholders, trading responsibly and providing working capital for development of the business,” said Saad Gilani, Managing Director at Yorkville.

To date, the 25 MSEK financing from Fenomena AB, announced on January 10, 2019, has not yet been received. In accordance with the agreement, the Company has, as a first step, opened for discussions in good faith. However, the Viscaria transaction is no longer dependent on this financing due to renegotiated upfront payment to Sunstone.

#### **About the Yorkville setup**

Following the agreement regarding the convertible debt with Yorkville, the board of directors of Copperstone has today resolved on a new issue of 225 convertible debt notes, each with a nominal value of 100,000 SEK, directed to Yorkville (the “First Tranche”). The convertible debt notes held by Yorkville can be converted to Copperstone B-shares. The conversion price shall be the lower of 1.2 SEK/share and 93% of the 15-day low volume weighted average price of Copperstone prior to conversion (however, as far relates to the first conversion called upon, Yorkville may decide that the pricing period shall be reduced from 15 to 5 consecutive trading days). The pricing period means the trading days during which the Investor has not sold any shares in the market among the 15 consecutive trading days expiring on the trading day immediately preceding conversion. The first pricing period can start from today's date at the earliest and can thus not include any trading days prior to the entering of the final agreement. The convertible debt notes have a duration of 12 months as from registration with the Swedish Companies Registration Office, however, Copperstone is entitled to request an extension of the maturity date with three months by paying a cash fee to Yorkville of 3% of the outstanding debt amount under the applicable convertible debt notes. If a convertible debt note has not been converted into shares and/or redeemed in cash prior to its maturity date or, as the case may be, the extended maturity date, Copperstone must redeem in cash the outstanding amount under the applicable note.

From the date of the agreement and until the latest of (i) the date falling 24 months from the date of the agreement and (ii) the full conversion and/or redemption of all the outstanding convertible debt notes, Yorkville shall not at any time hold a number of shares higher than 9.99% of all issued and outstanding shares of Copperstone. Dilution effect of tranche 1 assumed at the last closing price of Copperstone B-share of 0.74 SEK/share and applying a 7% discount, would amount to 7.4% of the Company.

Copperstone is entitled to draw down further tranches once the former tranche has been converted into shares, provided that certain conditions are met, primarily that the share price at such point in time amounts to not less than SEK 0.7 and that the average traded value of the shares shall be at least SEK 300,000 during the 15 days prior to each request. The convertible debt facility is non-interest bearing, the called upon tranche of the convertible facility will instead be subject to a fee of 4.5 percent of the total nominal amount of each tranche. According to the agreement, the facility has a term of 24 months from the date of the agreement. In connection with, and as a part of, the agreement with Yorkville, Copperstone has also entered into an agreement regarding pledge of Copperstone's convertibles in Nordic Iron Ore AB (publ) with a nominal value of approximately 7.2 MSEK for the due fulfillment of Copperstone's obligations according to the agreement. In addition, according to the agreement with Yorkville, Copperstone shall procure that Yorkville shall have access to 7.5 million loan shares in Copperstone during the period Yorkville has outstanding convertibles. The purpose is for Yorkville to be provided with a smoother administration process towards the Swedish Company Registration once a conversion notice is made. Yorkville undertakes not to sell any loan shares prior to any conversion notice has been submitted to Copperstone.

Three of Copperstone's shareholders, Michael Mattsson, Petter Tiger and Niclas Löwgren, have been asked and accepted to provide such loan shares. Copperstone has undertaken to indemnify each share lender against all damage, loss, liability or expense suffered by such share lender resulting from the share lending, including (but not limited to) any taxes, charges or fees which arise as a result of the share lending.

For further information, please contact Michael Mattsson, +46 705 739 777, michael.mattsson@copperstone.se, [info@copperstone.se](mailto:info@copperstone.se) or visit the Copperstone website at [www.copperstone.se](http://www.copperstone.se)

*This press release contains insider information which Copperstone Resources AB (publ) is obliged to publish according to the EU market abuse regulation (MAR). This information was submitted for publication, through the above contact person's agency, 08:05 CEST on February 22, 2019.*

#### **About Copperstone**

Copperstone is a public company trading as COPP B on NASDAQ First North (Stockholm). The Certified Adviser is Augment Partners AB, [info@augment.se](mailto:info@augment.se), +46 8 505 65 172. The Company is focused on base and precious metal exploration in the vicinity of the internationally recognized mining region of the Skellefte-field in northern Sweden. In this area Copperstone owns two exploitation concessions, namely Svartliden k no. 1 (36ha), Eva k no. 1 (34ha) and four nearby exploration permits, all valid until year 2022, namely Sandberget 200 (19ha) and Sandberget 300 (19ha), Sandberget 400 (535ha\*) and Sandberget 500 (7641ha\*) to form a contiguous block with existing titles. The Copperstone project is based on 273 drillholes with an approximate total of 46,350m. In addition the Company also owns the Tvistbogruvan K no. 1 (11ha) exploitation concession and the Såggården No.1 (199ha) exploration permit in the Bergslagen mining region of central Sweden. Quoted surface areas are approximate to the nearest hectare.



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\*Since February 11, 2019 valid while pending a three-week objection period for land owners and sake holders service.