



**OUTCROP**  
SILVER & GOLD

**ZACAPA**  
RESOURCES

## **OUTCROP AND ZACAPA ENTER INTO AMALGAMATION AGREEMENT**

**August 31, 2023 – Outcrop Silver & Gold Corp. (TSXV: OCG, OTCQX: OCGSF, DE: MRG1) (“Outcrop”)** and **Zacapa Resources Ltd. (“Zacapa”)** (TSXV: ZACA, OTCQB: ZACAF, DE: BH0) are pleased to announce that they have signed an amalgamation agreement dated August 30, 2023 (the “**Agreement**”) pursuant to which a wholly-owned subsidiary of Outcrop will amalgamate with Zacapa and all of the issued and outstanding common shares of Zacapa following the amalgamation will immediately be exchanged for common shares of Outcrop on a four-for-one basis (the “**Exchange Ratio**”)(the “**Transaction**”).

Upon completion of the Transaction, it is expected that the shareholders of Zacapa (the “**Zacapa Shareholders**”) will hold approximately 12% of Outcrop’s issued and outstanding common shares. The board of Outcrop will remain the same.

The Transaction constitutes a “related party transaction” subject to TSXV Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

### **Anticipated Benefits of the Transaction**

- Combined entities will further strengthen Outcrop’s exploration and development pipeline and reduce jurisdictional risk;
- Consolidation of the two companies will create a well-capitalized exploration company and will reduce operating and overhead costs; and
- Combined entities will likely increase shareholder liquidity, trading and capital markets exposure.

### **Anticipated Benefits for Zacapa Shareholders**

- Opportunity for Zacapa shareholders to hold shares of a larger, more diversified company with a history of stronger access to markets and capital to further development of the Zacapa properties;
- There are limited conditions, no break fees or expense reimbursement and a short timeline to closing the Transaction;
- The Zacapa board established the independent Special Committee to consider the proposed Transaction as well as alternatives and the Agreement was negotiated at arm’s length between the Special Committee and Outcrop; and
- Evans & Evans, Inc. has provided an oral fairness opinion that the Transaction is fair to the shareholders of Zacapa.

### **Transaction Details**

Pursuant to the terms of the Agreement, the Transaction is expected to be completed by way of a three-cornered amalgamation under the provisions of the *Business Corporations Act* (British Columbia) whereby 1433180 B.C. Ltd. (“**Subco**”), a wholly-owned subsidiary of Outcrop, will amalgamate with Zacapa and all of the issued and outstanding common shares of Zacapa (“**Zacapa Shares**”) following the amalgamation will immediately be exchanged for common shares of Outcrop on a four-for-one basis. Warrants, options and deferred share units of Zacapa will be exchanged into warrants, options and deferred share units,

respectively, of Outcrop. Closing of the Transaction is subject to a number of customary conditions being satisfied or waived by one or both of Outcrop and Zacapa, including the receipt of Zacapa shareholder approval, together with approval of the Majority of the Minority (as defined below) at the Meeting (as defined below), and the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange.

Outcrop and Zacapa are committed to consummating the Transaction in an expedited manner and it is anticipated that a special meeting of Zacapa Shareholders (the “**Meeting**”) to approve the proposed Transaction will be held in October 2023 and, if approved and all other conditions have been met, it is expected that the Transaction will close shortly thereafter. Implementation of the Transaction will be subject to approval at the Meeting by at least two-thirds of the votes cast by all the Zacapa Shareholders, based on the votes cast by Zacapa Shareholders at the Meeting, and by a majority of the votes cast by disinterested shareholders at the Meeting (“**Majority of the Minority**”). In relation to this approval, the "minority" holders for the purpose of MI 61-101 are anticipated to include all holders of Zacapa Shares with the exception of Ian Slater and his affiliated entities.

As of the date hereof, Ian Slater, Jay Sujir, Marc Boissonneault, Sunil Sharma and Michelle Borromeo (together, the “**Supporting Shareholders**”) collectively beneficially own, directly or indirectly, or exercise control or direction over, 18,340,000 Zacapa Shares, which represent approximately 15.27% of the issued and outstanding Common Shares. Each of the Supporting Shareholders have, separately entered into voting support agreements with Outcrop (the “**Support Agreements**”) which they have agreed, among other things, to vote in favour of the Amalgamation, and to be restricted by non-solicitation and exclusivity provisions. Forms of the Support Agreements with the Supporting Shareholders, will be reviewable on the Zacapa's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Further information regarding the Transaction will be contained in a management information circular to be mailed to Zacapa Shareholders in connection with the Meeting. All Zacapa Shareholders are urged to read the management information circular once available, as it will contain important additional information concerning the Transaction. Following completion of the Transaction, the company formed by the amalgamation of Zacapa and Subco will become a wholly owned subsidiary of Outcrop. There can be no assurance that the Transaction will be completed as proposed or at all.

### **Special Committee and Board Recommendations**

Due to the non-arm's length nature of the Transaction, a special committee (the “**Special Committee**”) consisting of Marc Boissonneault, the sole independent director of Zacapa, has been established by Zacapa to consider the Transaction. The Special Committee has recommended that the Board of Directors of Zacapa (the “**Zacapa Board**”) approve the Transaction. The Zacapa Board (excluding conflicted directors), having received the recommendation of the Special Committee, unanimously determined that the Transaction is in the best interests of Zacapa, is fair to the Zacapa Shareholders and recommends the approval of the Transaction by Zacapa Shareholders.

The Board of Directors of Outcrop (excluding conflicted directors) have determined that the Transaction is in the best interests of Outcrop and have approved the Transaction.

### **Fairness Opinion**

Evans & Evans, Inc. has provided the Special Committee with an opinion to the effect that, based upon its analysis and subject to the full text of the fairness opinion, including the assumptions, qualifications and limitations set out therein, the Exchange Ratio is fair, from a financial point of view, to the Zacapa Shareholders.

## **Additional Information about the Transaction**

Further details regarding the terms and conditions of the Transaction are set out in the Agreement, which will be publicly filed by Outcrop and Zacapa under their respective profiles on [www.sedarplus.ca](http://www.sedarplus.ca).

### **About Outcrop**

Outcrop is advancing the Santa Ana high-grade silver deposit with exploration activities aiming to expand the current mineral resource. The Santa Ana project is being advanced by a highly disciplined and seasoned professional team with decades of experience in Colombia.

### **About Zacapa**

Zacapa is a mineral exploration company engaged in gold and copper exploration in world class jurisdictions in the southwest United States, including Arizona, Nevada, Idaho, and California. The portfolio includes epithermal gold projects at South Bullfrog, Kramer Hills, and Miller Mountain and the Pearl porphyry copper project.

For further information please contact:

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*Forward Looking Statements – This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking, including, but not limited to, the timing of the Zacapa Shareholder Meeting and approval of Zacapa Shareholders, closing of the proposed Transaction and the anticipated benefits of the Transaction. Although Outcrop and Zacapa believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions and regulatory, shareholder and administrative approvals, processes and filing requirements. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements.*