The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR").

18 August 2017

Wishbone Gold Plc
("Wishbone Gold" or the "Company")
Wishbone Gold Plc / Index: AIM / Epic: WSBN / Sector: Natural Resources

Fundraising, Investment Agreement and grant of Warrants

Highlights

- **Fundraising from institutional investors (the "Facility") arranged by RiverFort Global Capital ("RiverFort")**
- **Issue price under the Facility of 0.7 pence per new ordinary share**
- **The Facility (which comprises a subscription of £0.8 million and an equity sharing agreement) to be used to fund the Company's continuing operations, including general working capital requirements**
- **Up to US$2 million Investment Agreement ('Investment') with YA II PN, Ltd arranged by Riverfort with an initial drawdown of US$400,000 repayable on the first anniversary of the date of drawdown. Any further tranches may be drawn down if agreed with the Company and at YA II's absolute discretion**
- **Grant of warrants**

Richard Poulden, Chairman of Wishbone Gold, commented: "This is the first stage in an overall funding relationship with RiverFort that can lead to the funding of new deals at the project level. I have worked with Brian Kinane, CEO of RiverFort, in the past and have admiration for his skills in this area."

Graham Stirling, CIO of RiverFort, commented: "This innovative financing structure offered to Wishbone Gold by RiverFort will allow them to build on their solid progress to date. RiverFort believes in the future potential of Wishbone Gold and this funding is an integral part of assisting them in achieving this potential. It underlines our faith in Wishbone Gold's Board's ability to execute on their strategy."

Summary

Wishbone Gold Plc (AIM: WSBN), announces that it has agreed the Facility, which has been organised by RiverFort, and consists of two parts. The first part is a subscription to raise £0.8 million, before expenses, (the "Subscription") by way of a subscription for 114,285,714 ordinary shares of 0.1 pence each (the "Ordinary Shares") by a syndicate led by D-Beta One EQ Ltd and including Cuart Growth Capital Fund I (hereafter "the Syndicate") at an issue price of 0.7 pence per Ordinary Share (the "Subscription Shares"). The Subscription is conditional on admission of the Subscription Shares to trading on AIM ("Admission").

Of the gross proceeds of the Subscription, £200,000 will be retained by the Company and the balance of £600,000 will be returned by the Company to the Syndicate pursuant to the second part of the Facility, which is an equity sharing agreement (the "Equity Sharing Agreement"). The Equity Sharing Agreement entitles the Company to receive back those proceeds subject to the Settlement Formula on a monthly basis over a period of 18 months. It is also subject to adjustment upwards or downwards each month depending on the Company's share price performance during the previous month, as explained in more detail below. The Equity Sharing Agreement provides the opportunity for the Company to benefit from a positive future share performance. However, should the Company's share price not perform positively, then the Company will receive less than the amount it will return to the Syndicate (subject to pricing adjustment) and, if its share price falls substantially, the Company may have to return some or all the proceeds of the Subscription to the Syndicate.

In no event will fluctuations in the Company's share price result in any increase in the number of the Subscription Shares issued by the Company or received by the Syndicate.

The Facility

Under the Subscription, the Syndicate will subscribe for 114,285,714 Subscription Shares at 0.7 pence per Subscription Share, for a total gross consideration of £800,000. The Subscription Shares will represent 8.78 per cent of the enlarged ordinary share capital of the Company. On completion of the Subscription, the Company shall pay the Syndicate 75 per cent of the funds received under the Subscription, i.e. £600,000, under the Equity Sharing Agreement (details of which are set out below), with the Company retaining £142,000 which is calculated after deducting the Company's costs.

It is the Company's intention to use the retained proceeds from the Subscription and any further receipts under the Equity Sharing Agreement in the Company's continuing operations, including for general working capital requirements.

The Equity Sharing Agreement

The Equity Sharing Agreement provides for a monthly payment to be made by the Syndicate to the Company, being £33,333 for the first 17 months and £33,339 in the eighteenth and final month (the "Monthly Payment"). This payment may be adjusted up or down depending on whether the average of the lowest ten daily volume weighted average prices ("VWAP") of the Ordinary Shares during the relevant month (the "Market Price") is above or below 0.77 pence per Ordinary Share (the "Benchmark Price"). If the Market Price is below the Benchmark Price, then the Monthly Payment is reduced based on the following formula:

Settlement Formula

£33,333 – (6,349,206 Ordinary Shares x (Benchmark Price-Market Price))
If the Market Price is above the Benchmark Price, then the Monthly Payment is increased based on the following formula:

£33,333 + (6,349,206 Ordinary Shares x (Market Price- Benchmark Price) x 0.75)
Note: The Monthly Payment and number of Ordinary Shares used in the above calculations will be £33,339 and 6,349,212 respectively in the eighteenth and final month.

The Company intends to announce its monthly receipts under the Equity Sharing Agreement.

Investment Agreement

The Company has entered into an Investment Agreement ('Investment') with YA II PN, Ltd arranged by Riverfort with the funds advanced under the Investment Agreement to be deployed as a source of general working capital.

The total Investment available to the Company is up to US$2m ('Principal Amount') with an initial drawdown of US$400,000; the maturity date in respect of the initial drawdown of US$400,000 is the first anniversary of the date of drawdown. Interest is payable at the rate of 10% per annum. Any further tranches may be drawn down if agreed with the Company and at YA II's absolute discretion; any such further tranches must be drawn down prior to the first anniversary of the date of the Investment Agreement. There is no guarantee that any drawdown beyond the initial drawdown of US$400,000 will be agreed.

Warrants

Pursuant to the Investment Agreement the Company will issue warrants for 20% cover of the relevant amount funded under the Investment Agreement. In respect of the initial drawdown of US$400,000 under the Investment Agreement, the Company shall grant 8,934,663 warrants. All warrants granted shall have a strike price of 140% of the 5 day VWAP of the Ordinary Shares prior to the date of the relevant grant of warrants.

Admission and Total Voting Rights

An application will be made to admit the Subscription Shares to trading on AIM. Admission is expected to occur on or around 24 August 2017.

Following Admission, the Company's issued share capital will consist of 1,301,410,482 Ordinary Shares, with one voting right per share. Wishbone Gold does not hold any Ordinary Shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 1,301,410,482 .This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company.

For more information on Wishbone Gold please visit the Company's website www.wishbonegold.com.

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Further Information on the Subscription, Equity Sharing Agreement, Investment Agreement and Warrants

The Subscription

The Company has raised, conditional of Admission, £800,000 (before expenses) through the issue of 114,285,714 Ordinary Shares at a price of 0.7 pence per share.

The Subscription is conditional on Admission of the Subscription Shares to trading on AIM occurring on or before 8.00 a.m. on 24 August 2017 (or such later time and/or date as the Syndicate and the Company may agree, being not later than 8.00 a.m. on 31st August 2017).

The Company has agreed to pay the Syndicate certain commissions and fees in connection with the Subscription. Under the terms of the Subscription Agreement, the Company has given certain warranties and indemnities to the Syndicate in connection with the Subscription and other matters relating to the Company and its affairs.

The Subscription Shares will, when issued, represent approximately 8.78 per cent of the enlarged issued share capital of the Company following Admission. The Subscription Price is equivalent to the closing mid-market price of the Ordinary Shares on 17 August 2017.

The Equity Sharing Agreement

The Company has entered into the Equity Sharing Agreement, pursuant to which, subject to the conditions therein and provided that the Company has received the subscription monies payable pursuant to the Subscription Agreement, the Company will pay an amount equal to 75 per cent of the gross proceeds of the Subscription to the Syndicate. The Equity Sharing Agreement will enable the Company to share in 75 per cent in any share price appreciation over the Benchmark Price. However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Equity Sharing Agreement will be less than the 75 per cent of the gross proceeds of the Subscription which are to be returned by the Company to the Syndicate at the outset.

The Equity Sharing Agreement provides that the Company will receive 18 approximately equal monthly settlement amounts as measured against the Benchmark Price. The monthly settlement amount for the Equity Sharing Agreement is structured to commence on 30 September 2017.

Should the Market Price be below the Benchmark Price, the Company will receive less than 100 per cent of the monthly settlement calculated as per the Settlement Formula and the Company will not be entitled to receive the shortfall at any later date. If the Market Price exceeds the Benchmark Price the Company will receive the Monthly Payment plus 75 per cent of the excess of the Market Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected.

For example, if on the monthly settlement date, the Market Price is below the Benchmark Price by 10 per cent, the settlement on the monthly settlement date will be 90 per cent of the amount due on that date. If on a monthly settlement date the calculated Market Price exceeds the Benchmark Price by 10 per cent, the settlement on that monthly settlement date will be 107.5 per cent of the amount due from the Syndicate on that date.

Assuming the Market Price equals the Benchmark Price on the date of each and every monthly amount, the Company would receive aggregate proceeds of £800,000 (before expenses) from the Facility.

It is possible that in certain circumstances the Company may not receive the monthly settlement amount referred to above under the Equity Sharing Agreement and could in fact be liable to make cash payments to the Syndicate but in no circumstances can the Company's liability to make payments to the Syndicate on account of the adjustments referred to above exceed the amount of £200,000.

The Company will pay the Syndicate a legal fee, a Due Diligence fee and the Syndicate's legal costs incurred in the Subscription.

Under the terms of the Equity Sharing Agreement, the Company has given certain warranties and indemnities to the Syndicate in connection with the transactions contemplated therein and relating to the Company and its affairs.

In no event will fluctuations in the Company's share price result in any increase in the number of the Subscription Shares issued by the Company or received by the Syndicate.

Investment Agreement

The Company has entered into an Investment Agreement ('Investment') with YA II PN, Ltd arranged by Riverfort with the funds advanced under the Investment Agreement to be deployed as a source of general working capital.

The total Investment available to the Company is up to US$2m ('Principal Amount') with an initial drawdown of US$400,000; the maturity date in respect of the initial drawdown of US$400,000 is the first anniversary of the date of drawdown. Interest is payable at the rate of 10% per annum. Any further tranches may be drawn down if agreed with the Company and at YA II's absolute discretion; any such further tranches must be drawn down prior to the first anniversary of the date of the Investment Agreement. There is no guarantee that any drawdown beyond the initial drawdown of US$400,000 will be agreed.

Under the terms of the Investment Agreement:

- the Company has given certain warranties, undertakings and indemnities;

- in respect of any amount that is not paid on its due date for payment default interest ("Default Interest") is payable, for any overdue amount, at a rate of 2 per cent. per week, such weekly interest rate to be increased, in respect of any overdue amount that remains unpaid, by an additional 1 per cent per month following the passage of each calendar month that elapses from the initial due date of the relevant overdue amount until the amount is fully repaid ("Default Interest Rate");

-on:

(i) a first Repayment Default (i.e. the Company fails to repay any amount when due unless such failure to repay is caused by administrative or technical error and the relevant amount is paid in full within ten trading days of its due date) Default Interest shall accrue on the unpaid amount at the Default Interest Rate from the due date of the relevant amount until such time as the amount (together with applicable accrued default interest) has been paid and in the event that the unpaid amount and applicable accrued default interest (the "Repayment Default Amount") is not paid then such Repayment Default Amount may be declared to be immediately due and payable and, upon that declaration, such Repayment Default Amount shall become within 5 trading days of receipt by the Company of such notice due and payable without further demand or notice of any kind;

(ii) a second (or subsequent) Repayment Default, all outstanding principal amounts owing by the Company and any interest thereon may be declared to be immediately due and payable, together with any other sums then owed by the Company and, upon that declaration, such sums shall become immediately within 5 trading days due and payable without further demand or notice of any kind; and

- if any amount becomes immediately due and payable pursuant to items (i) and (ii) above then YA II may elect by notice to the Company to convert relevant amounts into Ordinary Shares and such conversion shall be effected at a 20 per cent. discount to the average of the lowest 5 daily VWAP of the Ordinary Shares from the 15 daily VWAP of the Ordinary Shares during the 15 trading days immediately preceding the date of the conversion notice.

Warrants

Pursuant to the Investment Agreement the Company will issue warrants for 20 per cent cover of the relevant amount funded under the Investment Agreement. In respect of the initial drawdown of US$400,000 under the Investment Agreement, the Company shall grant 8,934,663 warrants. All warrants granted shall have a strike price of 140% of the 5 day VWAP of the Ordinary Shares prior to the date of the relevant grant of warrants. The warrants are non-transferable and capable of exercise in whole or in part at any time prior to the third anniversary of the date of grant.

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