

# E36 Capital Announces Upsizing of Concurrent Financing to \$3,220,000 and Provides Update with Respect to its Transaction with Kalo Gold Corp.

## Kalo Gold Corp. Commences Drill Program at Vatu Aurum Gold Project

Vancouver, British Columbia--(Newsfile Corp. - December 8, 2020) - E36 CAPITAL CORP. (TSXV: ETSC.P) ("**E36**" or the "**Company**"), a Capital Pool Company as defined in the policies of the TSX Venture Exchange (the "**TSXV**"), is pleased to announce, further to its news release dated September 30, 2020, an increase in the size of its concurrent financing (the "**Concurrent Financing**"). The Concurrent Financing is being undertaken in connection with the Company's proposed acquisition of Kalo Gold Corp. ("**Kalo**"), which is intended to constitute the Company's qualifying transaction (the "**Transaction**").

The Concurrent Financing as previously announced was to consist of the issuance of 10,000,000 common shares in the capital of the Company (each, an "**E36 Share**") at a price of \$0.20 per E36 Share for gross proceeds of \$2,000,000. Due to overwhelming demand, the Company now intends to issue an additional 6,100,000 E36 Shares at a price of \$0.20 per E36 Share for minimum total gross proceeds of \$3,220,000.

It was previously announced that 38,950,000 E36 Shares would be issued to Kalo shareholders in connection with the Transaction. However, based on the number of currently issued and outstanding common shares of Kalo (each, a "**Kalo Share**"), it is expected that the Company will instead issue to the shareholders of Kalo a total of 27,450,000 E36 Shares, on the basis of one E36 Share for each Kalo Share, at a deemed price of \$0.20 per E36 Share. As a result of the increase in the Concurrent Financing, the number of E36 Shares outstanding at the closing of the Transaction will increase, such that there will be 51,125,000 Shares outstanding on completion of the Transaction. Insiders may participate in the Concurrent Financing, but such information is not known at this time. The E36 Shares issued pursuant to the Concurrent Financing are expected to constitute 31.5% of the issued and outstanding E36 Shares upon the completion of the Transaction.

The following table sets out information respecting the Company's expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimates and are based upon the information available to the Company and Kalo as of the date hereof:

<b>Sources</b>	<b>Amount (\$)</b>
Estimated combined working capital of the Company and Kalo as at October 31, 2020	319,686
Gross proceeds of Concurrent Financing	3,220,000
<b>Estimated funds available to the Company upon completion of the Transaction</b>	<b>3,539,686</b>

The following table sets out information respecting the Company's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates

and are based upon the information available to the Company and Kalo as of the date hereof:

<b>Use of Funds</b>	<b>Amount (\$)</b>
Estimated Transaction Costs	150,000 <sup>(1)</sup>
Wages and salaries	336,000 <sup>(2)</sup>
General and administrative expenses for the next 12 months	282,120 <sup>(3)</sup>
Communications, promotions and marketing	236,000
Phase 1 drilling expenses and exploration cost	1,733,434
Unallocated funds	802,132
<b>Total</b>	<b>3,539,686</b>

(1) Includes legal fees, auditor review fees, and filing fees incurred or expected to be incurred in connection with the Transaction.

(2) Includes employee and consultant expenses of \$60,000 and management salaries and fees of \$276,000.

(3) The estimate of general and administrative costs for the 12 months following the Closing includes: office and general expenses of \$48,000; professional service fees of \$177,500; travel, meals and entertainment of \$20,000; and TSXV and transfer agent fees of \$36,620.

The following table sets out selected significant financial information of Kalo as at and for the periods indicated. The financial information presented includes financial information from the audited consolidated annual financial statements of Aloki Mining Limited ("**Aloki**") for the years ended August 31, 2019 and 2018 (the "**Aloki Financial Statements**"). Kalo was incorporated on June 8, 2020, and acquired all of the issued and outstanding shares of Aloki on August 6, 2020. Kalo's sole business is that of Aloki. The amounts shown in the table for the period ended August 31, 2020 are estimates only and are based upon the unaudited financial statements of Kalo as of the date hereof. The audit of Kalo's financial statements for the period ended August 31, 2020 is still in progress of the date hereof:

	<b>The period ended August 31, 2020 (\$) (audited)</b>	<b>Year ended August 31, 2019<sup>(1)</sup> (\$) (audited)</b>	<b>Year ended August 31, 2018<sup>(1)</sup> (\$) (audited)</b>
Revenue	-	-	-
Other income	704	1,127	1,126
Net loss	(483,062)	(175,286)	(297,599)
Net loss per share	(0.59)	(1,753)	(2,976)
Total assets	308,703	269,626	220,228
Long-term liabilities	-	-	-
Dividends per share	-	-	-

(1) The financial information presented is from the Aloki Financial Statements.

All E36 Shares to be issued under the Concurrent Financing will be subject to a statutory hold period of

four months and one day from the closing of the Concurrent Financing. None of the E36 Shares to be issued in connection with the Transaction or the Concurrent Financing have been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of E36 Shares in the United States or in any other jurisdiction where such offer, sale or solicitation would be unlawful.

### **E36 Provides Update with respect to the Proposed Transaction with Kalo Gold Corp.**

The Company is also pleased to announce an update to the proposed Transaction. The amalgamation agreement dated September 30, 2020 with Kalo and 1266094 B.C. Ltd, the Company's wholly owned subsidiary formed for the purpose of completing the acquisition of Kalo, has been amended effective as of November 26, 2020 (the "**Amendment**"). The Amendment provides for a voluntary lock-up of 8,950,000 E36 Shares issuable to holders of Kalo Shares in connection with the Transaction. The lock-up will apply to Kalo shareholders who acquired their Kalo Shares at a price of \$0.05 per Kalo Share (the "**Lock Up Securities**") for a period of nine (9) months from the completion of the Transaction (the "**Lock-Up Period**"). 50% of the Lock-Up Securities will be released on the date which is six (6) months from the date of closing of the Transaction, and the remaining 50% of the Lock-Up Securities will be released on the date which is nine (9) months from the date of closing of the Transaction. During the Lock-Up Period, the holders of the Lock-Up Securities may not sell, transfer, assign, option or otherwise encumber or dispose of any of the Lock-Up Securities without the prior written approval of the Company.

Delta Mining Ltd. ("**Delta**"), a British Virgin Islands company, holds 10,625,000 Kalo Shares. In connection with the Transaction, Delta will receive 10,625,000 E36 Shares, which are expected to constitute 20.8% of the issued and outstanding E36 Shares upon the completion of the Transaction. Delta will become a new control person of the Company upon the completion of the Transaction. Delta is controlled and directed in part by Michael Nesbitt, who is expected to be appointed as a director of E36 in connection with the Transaction.

Trading of the E36 Shares will remain halted until such time as the TSXV may determine, having regard to the completion of certain requirements pursuant to the CPC Policy. Further details of the Transaction will follow in future news releases.

### **Kalo Commences Drill Program at Qiriyaga Zone, Vatu Aurum Gold Project**

The Company is also pleased to announce that Kalo will be starting its exploration program on December 7, 2020. The approved exploration program consists of 1,800 meters of diamond drilling in the Qiriyaga Zone, soil sampling and ground geophysics (IP). In preparation for the exploration program, Kalo has undertaken road upgrade and camp improvement in preparation for the exploration program. Kalo-owned drill rig is on site and started drilling the first hole in Qiriyaga Hill on December 7<sup>th</sup>.

Qiriyaga Zone, where Kalo plans to initially focus its work is a 2.5 km long northeast trending zone defined by soil geochemistry and trenching. Drilling on Qiriyaga Hill located on the southern end of this zone confirmed the presence of several high-grade zones with selective drill intersections including \*8.75 m @ 36.02 g/t Au (61.25 to 80m) and 10 m @ 27.18 g/t Au (76-86 m) including 120 g/t Au between 80-83 m in drill hole KCD-17.

In addition to high-grade gold mineralization, drilling in Qiriyaga Hill over a limited area of 140 m x 210 m resulted in defining a \*\*resource estimate (historical) of 114,598 oz gold of mostly oxide mineralization, starting at surface down to depth of 45m only. Mineralization in Qiriyaga Zone is considered to be epithermal type as with the rest of the targets in the property. Outside of Qiriyaga Zone there are at least 14 gold targets that have been identified by the previous operator, some exhibiting copper mineralization. These targets, as with Qiriyaga Zone, are located within or around two calderas that are

present in the property.

\*The Qualified Person has not verified the data disclosed and has not completed sufficient work to verify the historical technical data and information regarding the Property.

Kalo is in the process of preparing an independent technical report with respect to the Vatu Aurum Gold Project in accordance with the requirements under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Further disclosure will be provided in subsequent news releases. The Technical Report will be filed on E36's SEDAR profile once completed.

\*\*The historical estimate was prepared by Roberto Tan (AusIMM), and Roman Celis, Jr. in February 2017 for Kalo Gold Ltd. in their report "Cirianiu Gold Project Resource Evaluation" using categories and definitions consistent with CIM Definition Standards For Mineral Resources and Mineral Reserves (November 27, 2010) at the time of completion of the "estimate", as outlined in NI 43-10, however a qualified person has not done sufficient work to classify the historical estimates as current mineral resources and therefore the Company is not treating the historical estimates as current mineral resources. Investors are cautioned that the historical estimates do not mean or imply that economic deposits exist on the Property. The Company has not undertaken any independent investigation of the historical estimate or other information contained in this presentation nor has it independently analyzed the results of the previous exploration work in order to verify the accuracy of the information. The Company believes that the historical estimate and other technical information contained in this news release are relevant to continuing exploration on the Property.

Fred Tejada, Chief Executive Officer of Kalo Gold Corp. commented: "We commenced drilling this week with the goal of completing the programmed six holes in the first quarter of 2021. Kalo's experience, the presence of a trained local workforce and a drill-rig that it owns allow it tremendous capacity to mobilize and start the work program. We are look forward to completing the Qualifying Transaction with E36 and start trading in the public markets."

### **About Kalo Gold Corp.**

Kalo Gold Corp. is a mineral exploration company focused on the Vatu Aurum gold project on Fiji's north island -- Vanua Levu. Kalo holds two mineral exploration licenses covering over 36,700 hectares of land and on trend with many of the largest gold deposits in the world within the Southwest Pacific Ring of Fire.

### **About E36 Capital Corp.**

E36 Capital is a capital pool company within the meaning of the policies of the TSX-V. The company has not commenced commercial operations and has no assets other than cash. Except as specifically contemplated in the CPC policy, until the completion of its qualifying transaction, the company will not carry-on business, other than the identification and evaluation of companies, businesses or assets, with a view to completing a proposed qualifying transaction.

Completion of the transaction is subject to a number of conditions, including TSX-V acceptance and, if applicable pursuant to TSX-V requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

### **Qualified Person**

The technical information in this news release was reviewed by Fred Tejada, PGeo, a qualified person as defined by NI 43-101, and a proposed director and officer of Kalo.

On behalf of E36 Capital Corp.

Kevin Ma  
Chief Executive Officer

For more information contact:

Kevin Ma

E: [kevin@calibrecapital.ca](mailto:kevin@calibrecapital.ca)

P: +1 (604) 363-0411

***Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.***

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this press release.***

### ***Forward Looking Statements Disclaimer***

*Certain statements in this release are forward-looking statements, which are statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward looking statements in this news release include statements relating to the Concurrent Financing, the funds available to the Company on completion of the Transaction and the proposed use of such funds, the intention of Kalo to commence its proposed drill program, and the ability of Kalo to undertake its drill program as proposed. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements, other than statements of historical fact, included in this release, including statements regarding the Proposed Transaction and the future plans and objectives of the Company, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results, and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the failure to satisfy the conditions to completion of the Proposed Transaction set forth above and other risks detailed from time to time in the filings made by the Company pursuant to applicable Canadian securities laws.*

*The reader is cautioned that assumptions used in the preparation of any forward-looking statements herein may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. As a result, the Company cannot guarantee that the Proposed Transaction will be completed on the terms and within the time disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect, and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.*

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