

Monday, October 21, 2019



DRILLING HAS COMMENCED

~ Permitting to be expanded ~

To NuLegacy shareholders/stakeholders:

Hi Folks,

[Click to view today's news release](#)

I'm delighted to report that drilling has commenced on the 2019 Fall exploration program as reported in the linked news release.

And while I have your attention, may I address some questions that have been asked repeatedly (and are absorbing a lot of management time); below are some of the questions and their answers for inclusion in NuLegacy's FAQ website page.

FAQs:

1. When is NuLegacy going to start drilling again, and how much money will it cost?

Answered in today's news release.

Over the summer, we reduced our geology team expenses without losing access to key personnel. During this period, Charles Weakly, NuLegacy's District Geologist and Carlin-type gold deposit expert, with the help of Denise Dowell (our very capable Geotechnical Database Manager), continued to advance our understanding of the potential of the Rift Area (as originally reported in our Feb 11th [news release](#)) in preparation for the resumption of drilling.

2. Why the new 52-week stock price low?

Answer: When the Company took the unusual step (June 3rd) of announcing the suspension of drilling, rather than 'drilling itself into insolvency', it was anticipated that the stock price would suffer somewhat. An unexpected new 52-week low was precipitated by the rather ham-handed **tax loss selling** of a major US shareholder, who was intent on repurchasing in the eventual financing.

3. What, if anything, is the significance of OceanaGold and Barrick not participating in the recent PP financing?

Answer: Nothing.

- OceanaGold recognizes that the potential for a near-surface open pit heap leach mine is limited at today's gold price; the grade and size of the Iceberg just doesn't support the \$150 million plus expenditures to build a mine at this time.
- While 'pundits' continue to call for expansion drilling of the Iceberg...spending \$150,000 to drill a hole that might add only \$75,000 of gold is a sure way to go broke. So, since the best targets are to the west and deeper...and likely sulphide in nature...which is not OceanaGold's forte...they decided to pass on this financing.
- Barrick has also had its hands full; **the challenge** of slimming down not one but two operations and then combining two slimmed down operations and eliminating further duplication is a horrendous challenge. When everyone is focused on their jobs...no one is gonna bother the new boss about whether he wants to put up \$750,000 in a junior exploration company to maintain their pro-rata 10%...a trivial number for Barrick!!.

4. Why hasn't the Company completed its NI 43-101 for the Iceberg zone?

Answer: With our new and improved understanding of the structural controls at Red Hill, our investors asked that we commit the use of proceeds of our just completed C\$7.5 million brokered financing to finding the high grade gold at the structural confluence of high angle faults and low angle thrust faults within the Devonian Wenban 5 horizon. At current gold prices and grades and a \$150,000 price tag to complete the NI 43-101 study it's not a high priority.

5. Why were options granted by the Board of Directors at the seemingly low price of \$0.10?

Answer: Stock options are an important part of a Company's ability to reward unpaid advisors and incentivize management in higher risk junior companies.

NuLegacy's plan is like many others in the industry, and at 10 cents (Canadian) these options weren't set 'low' when the shares are trading between 3 cents to 7.5 cents...they were at set at a significant premium. For these options to have any value to the optionees, the shareholders will have also experienced a significant rise in the price of their shares.

Cheers,

Albert

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Roger Steininger, a director of NuLegacy is a Certified Professional Geologist (CPG 7417) and the qualified person as defined by NI 43-101 responsible for approving the scientific and technical information contained in this chat.