

## RATHDOWNEY'S PROJECT OLZA UPDATE:

### Progress toward a Mining License continues – Development focus now on Zawiercie & Rokitno Concessions

**August 27, 2019, Vancouver, BC** – Rathdowney Resources Ltd. (“Rathdowney” or the “Company”) (TSX-V: RTH) is pleased to provide an update on its 100%-owned Olza zinc-lead-silver project (“Project Olza”) in Poland. The Company is actively engaged in a two-year plan to secure a Mining License for the project.

#### Project Description

Project Olza is located in the Upper Silesian Mining District of southwestern Poland, a region of Mississippi Valley-type zinc-lead (“MVT”) deposits that are world-class in terms of size, with a demonstrated history of long-life mines such as Pomorzany and Olkusz. The Pomorzany zinc-lead mine, for example, has produced +90 Mt of zinc-lead ore over the past 40 years<sup>1</sup>.

Mineralization at Project Olza occurs along a corridor with a total strike length of approximately 10 km and width up to 1 km. Stratabound mineralized zones, averaging 3 m thick, are mainly hosted by a flat-lying dolomitic unit occurring 100 to 250 m below surface. Olza, like other MVT deposits are well-understood and boast simple metallurgy, and Rathdowney’s engineering work confirms that conventional mining and mineral processing techniques can be applied. Olza will be mined by standard room and pillar methods and processed using conventional crushing, grinding and flotation. The straight forward metallurgy will produce high-grade, low-iron, highly marketable concentrates that can be transported by existing road and rail infrastructure to a local smelter or via ports to smelters throughout Europe.

#### PEA at 5% Discount Rate

The Project Olza Preliminary Economic Assessment (“PEA”) forecasts strong potential financial returns for a 6,000 tonnes per day (“tpd”) underground mine with on-site processing facility (see news release dated April 20, 2015)<sup>2</sup>. The December 2014 PEA calculated the Net Present Value (“NPV”) of Project Olza using an 8% discount rate. Based on the Project Description above, management believes that the numerous positive attributes of Olza make a 5% discount rate to also be of interest, and allows for Olza to be compared with other similar development projects around the world at the same discount rates.

- At an 8% discount rate, the after-tax NPV is US\$170 million.
- At a 5% discount, Project Olza’s after-tax NPV increases to US\$219 million<sup>3</sup>.

Moreover, the PEA forecasts US\$125 million pre-tax, free cash flow from initial operations on an annual basis, some US\$375 million on a cumulative basis for the first three years of operation. This is uniquely high when compared to other zinc “development” projects world-wide.

*“The cash flow projections for Project Olza stand out when compared to other advanced stage projects globally. These very high cash flows are the economic driver that will propel Project Olza into future operation,”* said President and CEO Dick Whittington. *“Project Olza’s favourable deposit characteristics, its strategic location and the exceptional infrastructure already in place will support the development of a robust mine that can contribute to the economy in southwestern Poland over the long term.”*

The Preliminary Economic Assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized; however, it does highlight the economic potential of the inferred resources if developed in line with the development plan outlined in the PEA.

#### Progress Toward Mine Licensing

Since the release of the positive results from the PEA, the Company has completed extensive environmental baseline surveys, and conducted land use planning, geotechnical and further engineering studies to prepare for the environmental assessment

<sup>1</sup> [www.geoportal.pl](http://www.geoportal.pl)

<sup>2</sup> Base Case metal prices use: Zinc - US\$1.10/lb in yrs 1-2, US\$1.00/lb in remaining Life of Mine (“LOM”); Lead - US\$1.09/lb in yr 1, US\$1.00/lb in yr 2, US\$0.95/lb in remaining LOM. Assumptions are based the median price forecast by >30 independent banks and investment dealers specialized in commodity market analysis. For further details, see the PEA technical report posted on Rathdowney’s website and at [www.sedar.com](http://www.sedar.com).

<sup>3</sup> Bray, Chris, SRK Consulting (UK) Ltd, July 2019 Memo on Discount Rate for Olza PEA (effective date 31 December 2014)

and mine permitting processes in Poland. Permitting in Poland is a systematic process that involves land use review and designation, environmental investigations and mining planning, all supported by a detailed process of documentation of the work that has been done.

In July 2019, the Company received approval from the Polish government for an extensive “annex” to our Geological Documentation providing updated information as per Polish regulatory requirements. Rathdowney’s technical team has compiled and assessed information from some 160,000 m of historical drilling as well as the results of its own exploration, core drilling, engineering and environmental programs since 2011.

Dick Whittington acknowledged both the technical team and the agencies in Poland and their work together to advance this process, saying *“I would like to commend our on-site team for the excellent - and exhaustive - work done to put this application together and to thank the authorities that worked with us, for their efficient and expeditious handling of our application.”*

This marks the successful completion of the second required phase of detailed geological documentation that is part of the mineral development process in Poland. It demonstrates the ability of Rathdowney’s technical and permitting teams to work effectively with Polish government agencies, and underpins the Company’s efforts toward obtaining a mining license over the next two years.

### **Focus Now on Zawiercie and Rokitno Concessions**

As a result of this work and a comprehensive review of the Company’s mine development strategy, the Company also decided to divest the Chechlo concession, reducing the land package to 100 square km which comprises the highly prospective Zawiercie and Rokitno mineral concessions. These concessions formed the basis of the PEA, and the Company believes they are more than sufficient to support the Olza project over the long term. Additionally, as part of this review, the scope of the operation (6,000 tpd, room and pillar mining, etc) as outlined in the PEA will not change. As such, the anticipated scope of the operations for any future feasibility study will remain unchanged from the PEA.

### **Exceptional Infrastructure and Resource Potential**

Situated in the heart of Europe, Project Olza has easy access to smelters and markets for its zinc and lead products. Also, owing to its location in a region with a long and prosperous mining history, development and production will benefit from a locally-based, skilled workforce and access by paved roads within a one-hour drive from Krakow and Katowice, two major cities with full services and international airports. Power lines with sufficient power to supply the project are adjacent to the site and local communities have more than sufficient housing to cater to both temporary construction workforce requirements (eliminating the need for fly-in fly-out facilities) and long-term employee needs. All these characteristics will support efficient development of a mine at Olza.

Deposits of zinc and lead were identified in the immediate area of Project Olza through core drilling by Polish State companies in the 1950s to 1980s, with historical estimates indicating the potential for significant zinc-lead resources. Rathdowney has conducted confirmatory core drilling over a portion - about 30% - of the historical core drilling-area, and completed resource studies, metallurgical testing and other engineering work. Current inferred resources (in the 30% area described above) are 24 million tonnes at a grade of 7.02% (zinc plus lead)<sup>4</sup>. As only 30% of the area of historical core drilling at Project Olza has been tested by Rathdowney’s confirmatory core drilling program, the opportunities to increase the mineral resources and support a long life mine at Project Olza are excellent.

An Exploration Target Range study in 2019 further assessed the potential in the remaining 70% of the area of the historical drilling but outside of the area of Rathdowney’s current mineral resource. Using geostatistical conditional simulation, the study outlined an Exploration Target Range (as defined under 43-101) of 54–92 million tonnes at grades of 3.9-5.2% zinc and 1.0-1.3% lead<sup>5</sup>. This Exploration Target Range is conceptual in nature and is not a mineral resource estimate. While there is no

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<sup>4</sup> Individual metal grades are 5.53% Zn and 1.49% Pb. At 2% Zn cut-off, as audited and verified and restated at February 2015 by independent QP - L. Roberts, MAusIMM (CP), SRK Consulting (UK) Ltd. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.

<sup>5</sup> *Olza Project Exploration Target Range (ETR) Study*, unpublished internal report, by R. Mohan Srivastava and David Gaunt (2019). Mr. Gaunt is a QP that is not independent of the Company and Mr. Srivastava is an independent QP. The exploration target area of interest is inside the Zawiercie and Rokitno concessions and substantially overlaps the area of historical estimates but excludes the footprint of the current mineral resource and a buffer zone surrounding it. The exploration target ranges (ETR) of tonnages and grades were derived by completing a series of 100 equally plausible conditional simulations. A histogram of the tonnage and grade values from these simulations was completed, and the 10th and 90th percentile selected as the ETR bounds.

guarantee additional drilling will lead to a resource estimate in this range, the Exploration Target illustrates the excellent remaining potential of the Olza property.

Rathdowney is committed to responsible mineral exploration and development. Our local Project Olza community team is actively engaged with local communities and governments at all levels regarding project activities and plans.

The technical disclosure in this release has been reviewed and approved by Qualified Person ("QP") David Copeland, PEng, who, as Rathdowney's Chairman and a director, is not independent of the Company.

For further details on Rathdowney and Project Olza, please visit our website at [www.rathdowneyresources.com](http://www.rathdowneyresources.com) at 604-684-6365 or toll free (NA) at 1-800-667-2114.

On behalf of the Board of Directors  
J.R.H (Dick) Whittington  
President & CEO

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This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects, are forward looking statements. Although the Company believes 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 the forward-looking statements. Assumptions used by the Company to develop forward-looking statements include the following: Project Olza will obtain all required environmental and other permits and all land use and other licenses, studies and development of Project Olza will continue to be positive, and no geological or technical problems will occur. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continuity of mineralization, potential environmental issues and liabilities associated with exploration, development and mining activities, uncertainties related to the ability to obtain necessary permits, licenses and title and delays due to third party opposition, changes in government policies regarding mining and natural resource exploration and exploitation, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review the Company's continuous disclosure filings that are available at [www.sedar.com](http://www.sedar.com).