

Edgewater Exploration Announces Letter of Intent With Pinecrest Resources on the Enchi Gold Project, Ghana

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 22, 2014) - Mr. George Salamis, President and CEO of [Edgewater Exploration Ltd.](#) ("Edgewater" or the "Company") (TSX VENTURE:EDW)(OTCQX:EDWZF) is pleased to announce an executed Letter of Intent with [Pinecrest Resources Ltd.](#) ("Pinecrest")(TSX VENTURE:PCR) regarding the Enchi Gold Project ("the Project"). The transaction will have Edgewater sell its 100% interest in Cape Coast Resource Ltd. (the Company's Ghanaian subsidiary) that holds a 51% interest in the Enchi Gold Project through a joint venture agreement with Red Back Mining Ghana Limited (wholly owned by [Kinross Gold Corp.](#)) in exchange for shares of [Pinecrest Resources Ltd.](#) Edgewater will distribute the Pinecrest shares pro-rata to the shareholders of Edgewater in accordance with their share ownership of Edgewater as a return of capital.

Transaction Terms with Edgewater

Pinecrest has entered into a Letter of Intent ("Edgewater LOI") to acquire Edgewater's 51% interest* in the Enchi Gold Project through the purchase of Cape Coast Resources Ltd. Details of the terms include;

- Upon closing of the Transaction, Edgewater will receive one Pinecrest post-consolidated common share (the "Acquisition Shares") for every five common shares of Edgewater issued and outstanding on the Closing, which will represent approximately 40% of the issued common shares of Pinecrest post-closing of the Transaction. All shares issued to Edgewater will be subject to resale restrictions as follows; 25% to be free trading six months and nine months from closing and the remaining 50% twelve months from closing;
- Edgewater will agree to distribute the Acquisition Shares pro-rata to its shareholders as soon as reasonably practicable after the closing of the Transaction;
- Pinecrest will pay to Edgewater a cash payment of Cdn\$150,000
- The completion of the transactions contemplated by the Edgewater LOI are subject to the execution of a definitive agreement with Pinecrest and the concurrent completion of the transactions contemplated by the Red Back LOI

Additionally, Pinecrest will be acquiring the remaining 49% interest from Red Back Mining Ghana Limited ("Red Back") a wholly owned subsidiary of [Kinross Gold Corp.](#) ("Kinross"). Pursuant to the completion of the transaction with Edgewater and Kinross, Pinecrest will own 100% of the Enchi Gold Project and be a West African precious metals focused exploration and development company.

Transaction Terms with Red Back

Pinecrest has entered into a Letter of Intent ("Red Back LOI") to acquire Red Back's 49% interest* in the Enchi Gold Project. Details of the terms include;

- Red Back will receive 19.9% of the issued and outstanding common shares of Pinecrest post-closing of the transaction;
- Red Back will receive a 2% NSR on the Project with an option for Pinecrest to acquire 1% of the NSR at any time for US\$3.5 Million;
- Red Back will receive \$10/oz on any new NI 43-101 Measured and Indicated Resource Estimate or any ounce of gold mined whichever occurs first. Such amount shall be payable in cash or, if agreeable to Pinecrest, common shares of Pinecrest, at Pinecrest's sole discretion, provided that, Pinecrest shall not be entitled to elect to pay in common shares if such issuance would result in Red Back holding more than 20% of the issued and outstanding shares of Pinecrest;
- Red Back will have first right to process ore from the Project at its Chirano Mill if toll processing is considered.

- Red Back will receive 5,000,000 share purchase warrants priced at \$0.40/warrant exercisable for a five year term from closing of the Transaction.

* The Government of Ghana can exercise the right to own a 10% direct carried interest in the Project, If this right were exercised it would result in Pinecrest owning a 90% direct interest in the Project.

The agreements are subject to Pinecrest shareholder approval and TSX Venture Exchange acceptance.

President and CEO, George Salamis, stated; "We believe this transaction with Pinecrest is a catalyst to unlocking the value of the Enchi gold project for Edgewater shareholders. We aim to achieve this through the creation of a separately listed public company, the majority of which will be owned by Edgewater shareholders and Red Back, with Pinecrest owning an effective 100% interest in the Project. The goal of this Transaction is to create a singularly focused and separately funded West African advanced-stage gold company, leveraging off of the previous exploration successes of the Edgewater team in one of the most prolific gold districts in the world. This transaction will allow Edgewater to focus on our 100% owned Corcoesto gold project in Spain as well as have the Enchi project funded and advanced without further equity dilution to our shareholders. Edgewater recently announced an updated NI 43-101 Inferred Resource demonstrating over one million ounces of shallow gold resources (at a cut-off of 0.5 g/t gold). Our team is of the view that some of the gold resources defined within the near-surface oxidized portions are potentially amenable to heap-leaching and lower cost open pit mining. As such, with 100% ownership, Pinecrest's near-term value proposition is linked to completing a Preliminary Economic Assessment focused on the potential economics of heap-leaching at Enchi, while also testing the upside potential of the currently open-ended gold resources."

Summary of the Enchi Gold Project

The Enchi Gold Project located in south-west Ghana, West Africa covers a 50 kilometre strike length of the Bibiani Shear Zone a regional scale structure that hosts a number of major gold mines and deposits including Kinross' Chirano Gold Mine located 70 km north-east of the Project and the Bibiani Gold Deposit located 90 km north-east of the Project. The Enchi Gold Project is comprised of ten licenses totalling 696 km² located 290 km west of the capital city of Accra. Access to the Project is on sealed roads via the regional port city of Takoradi or the mining centre of Tarkwa and then on gravel roads to Enchi (population 9,270). Good road access exists throughout the project licenses.

May 12, 2014 Edgewater Exploration announced an updated NI 43-101 Inferred Resource Estimate at a cut-off grade of 0.7 g/t Gold as follows:

Enchi Gold Project, Ghana
2014 Inferred Mineral Resource Summary

Cut-off Au (g/t)	Zone	Tonnes	Grade Au (g/t)	Contained Gold (ounces)
0.7	Boin	9,551,000	1.20	368,500
0.7	Nyam	3,716,000	1.13	135,000
0.7	Sewum	7,549,000	1.09	264,500
	TOTAL	20,816,000	1.15	768,000

1. CIM definition standards were followed for the resource estimate.
2. The 2014 resource models used ordinary kriging (OK) grade estimation within a three-dimensional block model with mineralized zones defined by wireframed solids.
3. A base cut-off grade of 0.7 g/t Au was used for reporting resources with a capping of gold grades at 18 g/t.
4. A US\$1,300/ounce gold price, open pit with heap leach operation was used to determine the cut-off grade.
5. A density of 2.45 g/cm³ was applied.
6. Numbers may not add exactly due to rounding.
7. Mineral Resources that are not mineral reserves do not have economic viability

A technical report is being prepared by independent qualified person Todd McCracken, P. Geo. of WSP Canada Inc. ("WSP") and will be filed within 45 days of the announcement in the [Edgewater Exploration Ltd.](#)

news release dated May 12, 2014.

The resource estimate also evaluated the Enchi Project at a range of cut off grades between 0.3 and 2.0 g/t Au. Results are as follows;

Cut-off	Tonnes	Au g/t	Ounces
0.3	72,611,000	0.65	1,526,065
0.4	53,366,000	0.76	1,304,918
0.5	37,357,000	0.90	1,078,702
0.7	20,816,000	1.15	767,988
0.9	12,993,000	1.36	569,879
1.0	10,127,000	1.49	484,388
1.2	6,446,000	1.70	352,779
1.5	3,011,000	2.11	204,549
1.7	2,041,000	2.36	154,976
1.9	1,554,000	2.54	126,727
2.0	1,174,000	2.73	102,909

The 2014 Mineral Resource estimate was based on 52,385 metres of diamond and RC drilling in 646 holes as well as data from 13,799 metres in 102 surface trenches. The drilling is generally spaced at 25 to 50 metre intervals.

A two phase success contingent work program has been recommended by WSP. The first phase consists of metallurgical testing, and the completion of a Preliminary Economic Assessment ("PEA"). The second phase, contingent on the success of phase one, consists of additional drilling, detailed metallurgical testing, further technical studies and a pre-feasibility study.

The three gold zones in the inferred resource estimate, Boin, Nyam and Sewum have been drilled to an approximate vertical depth of 75-100m and approximately 60-70% of the inferred resource consists of oxide mineralization. Pinecrest Resources sees opportunities to expand resources at all zones both laterally and to depth.

Edgewater, Red Back and previous operators have discovered and identified numerous gold mineralized zones on the Enchi Project characterised as structurally-controlled, mesothermal quartz vein style gold deposits. This style of gold mineralization is the most common type of gold occurrence in West Africa.

Further potential on the Enchi Project is evidenced by results of a regional airborne study consisting of a heliborne VTEM, magnetics and radiometric survey which was flown over the Enchi Project. A total of 2,084 line km at 200m spacing were flown covering an area of 568 square kilometres. The airborne geophysical survey at Enchi indicated that; 1) Several structures correlate to known mineralization, while many other similar structures remain untested and 2) Interpretation work pin pointed several additional drill targets and combined with soil geochemistry this data is a strong tool for identification of new discoveries

Additional zones exists within the Enchi Project including several with successful first pass drilling but not part of the current resource including; Eradi; 27m grading 0.60 g/t Au including 10m grading 1.3 g/t Au, Kojina Hill; 68 m grading 1.14 g/t Au, 59m grading 0.77 g/t Au including 28m grading 1.22 g/t Au, and Boin NW; 7.0m grading 0.95 g/t Au and 3.0m grading 0.67 g/t Au.

Further high priority targets which warrant additional detailed exploration have been defined by trenching and auger drilling in 2012 and 2013 including; Boin Northwest; 10m grading 1.64 g/t and 2m grading 2.74 g/t Au, Sewum-Tokosea Trend; 31m grading 0.31 g/t Au and 5m grading 0.68 g/t Au, and Achimfo; 24m grading 0.84 g/t Au and 22m grading 0.62 g/t Au.

Sample analyses have been conducted at independent commercial facilities SGS and Intertek Labs in Tarkwa Ghana. All sample analyses was completed using industry standard geochemical and fire assay practices and included a rigorous Quality Assurance / Quality Control (QA/QC) program consisting of the insertion of standards, blanks and duplicate samples randomly into the sample stream. A review of the QA/QC results shows no significant bias and all results are considered highly reliable.

Mr. Gregory Smith, P.Geo, the Vice-President of Exploration of the Company, is the Qualified Person as defined by NI 43-101 and has prepared and approved the technical data and information in this news release.

Financing

Pinecrest will complete a non-brokered private placement (the "Private Placement") financing, issuing 15 million subscription receipts (each a "Subscription Receipt") at a purchase price of CDN\$0.20 per Subscription Receipt to raise aggregate gross proceeds of CDN\$3,000,000. Each Subscription Receipt will entitle the holder to acquire one post-consolidated unit (each a "Unit") of Pinecrest for no additional consideration upon the closing of the Transaction. Each Unit will consist of one post-consolidated common share ("Common Share") in the capital of Pinecrest and one post-consolidated common share purchase warrant (each whole warrant a "Warrant"). Each Warrant will entitle the holder to acquire one post-consolidated common share of Pinecrest at a post-consolidated exercise price of CDN\$0.30 for a period of 24 months from the completion of the Private Placement.

None of the securities sold in connection with the Private Placement will be registered under the U.S. Securities Act of 1993, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

A Finder's Fee of 6.0% of the gross proceeds raised under the Private Placement will be paid in cash or at the election of the Finder in post-consolidated common shares of Pinecrest on the closing of the Transaction.

All securities issued in connection with the Private Placement will be subject to a statutory hold period of four months plus one day from the closing date of the Private Placement. The Private Placement is subject to Exchange acceptance.

The offer and sale of the securities offered in the Private Placement has not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and such securities may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

Post-Transaction Capital Structure

On completion of the Consolidation, the Private Placement and the closing of the Transaction, Pinecrest will have approximately 51,163,887 common shares issued and outstanding and 74,906,387 shares common on a fully diluted basis. The proposed equity ownership of Pinecrest is anticipated to be as outlined below:

Holder	Percentage Ownership
Red Back	19.9%
Edgewater	39.6%*
Original Pinecrest shareholders	11.2%
<u>New Capital (Private Placement)</u>	<u>29.3%</u>
	100.0%

* The Acquisition Shares are to be distributed by Edgewater to its shareholders on a pro rata basis as soon as reasonably practicable after the closing of the Transaction.

Resale Restrictions for Pinecrest Shares Issued to Edgewater Shareholders

The Pinecrest common shares issued to Edgewater shareholders will be subject to resale restrictions and will be released according to the following schedule from the closing date of the Transaction:

6 months 25% release

9 months 25% release
12 months 50% release

Further updates on the status of the Transaction will be provided by future press releases as matters progress.

The closing of the transactions contemplated by the Red Back LOI and the Edgewater LOI are subject to a number of conditions, including but not limited to the execution of separate definitive agreements; normal conditions precedent for transactions such as these, including the delivery of title and corporate opinions and the completion of satisfactory due diligence, approval of the shareholders of Pinecrest to the proposed change of control of Pinecrest, the acceptance of the Exchange, the completion of a consolidation of the common shares of Pinecrest, as described below, and the completion by Pinecrest of a financing to raise not less than CDN\$3,000,000. There can be no assurance that the Transaction will be completed as proposed or at all.

About Edgewater Exploration Ltd.

Edgewater is a mineral development and exploration company focused on the development of precious metal properties. Edgewater has an experienced mine building and operating team with a track record of success. The Company is currently developing the Corcoesto Gold Project in northwest Spain.

On behalf of the board of

EDGEWATER EXPLORATION LTD.

George Salamis, President and CEO

This news release contains certain forward-looking statements, including statements regarding the proposed transactions with Pinecrest, the proposed Private Placement and Consolidation of the Pinecrest share capital and the closing of the transactions contemplated thereby, the use of net proceeds of the Private Placement, future plans and objectives of the Company and the business of the Company.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate" "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.

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