

# Falco Announces \$10 Million Secured Loan With Osisko Gold Royalties and Provides Corporate Update

11.09.2018 | [GlobeNewswire](#)

*All dollar amounts are in Canadian dollars unless otherwise specified.*

MONTREAL, Sept. 11, 2018 - [Falco Resources Ltd.](#) (TSXV: FPC) ("Falco" or the "Company") is pleased to announce the execution of a secured senior loan agreement with [Osisko Gold Royalties Ltd.](#) (TSX: OR) ("Osisko") pursuant to which Osisko has agreed to loan \$10 million to Falco and is also pleased to provide a corporate update.

## \$10 MILLION SECURED LOAN

Under the terms of a secured senior loan agreement (the "Loan Agreement"), Osisko has provided Falco with a \$10 million (the "Principal Amount") loan. The loan has a maturity date of December 31, 2018 and interest shall be payable on the Principal Amount at a rate per annum that is equal to 7%, compounded quarterly. Accrued interest shall be payable upon repayment of the Principal Amount. The Principal Amount shall be repaid on the earliest of the closing date of the Silver Stream Transaction (described below) or December 31, 2018.

The loan will be used for the advancement of the Horne 5 Project and for general corporate purposes.

The entering into the Loan Agreement is considered to be a "related party transaction" under *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* ("Regulation 61-101") but is exempted from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101, as the common shares of Falco (the "Common Shares") are not listed on any of the specified markets. The transaction is also exempted from the requirement to obtain minority approval pursuant to 5.5(f) of Regulation 61-101, as the loan (i) is on reasonable commercial terms that are not less advantageous to the Company than if the loan was obtained from an arm's length party, and (ii) is not convertible, directly or indirectly, into equity or voting securities of the Company.

## CORPORATE UPDATE

### Silver Stream Transaction with Osisko

On June 18, 2018, the Company announced a financing transaction with Osisko pursuant to which Osisko has agreed to commit \$180 million through a silver stream (the "Silver Stream Transaction") toward the funding of the development of the Horne 5 Project.

The Silver Stream Transaction is subject to a right of first refusal (the "ROFR") in favor of Glencore Canada Corporation ("Glencore"). Pursuant to the ROFR, Glencore shall have a period of 60 days following the receipt of a notice accompanied by a copy of the Silver Stream Transaction documentation to notify Falco that it wishes to purchase the silver stream in accordance with the terms described in the Silver Stream Transaction documentation.

Falco and Osisko are currently finalizing the terms of the Silver Stream Transaction and will submit them to Glencore to evaluate their exercise of the ROFR.

Concurrent with the announcement of the Silver Stream Transaction on June 18, 2018, the Company also

announced the subscription by Osisko to a \$7 million debenture (the "Debenture"). The private placement of the Debenture closed on June 29, 2018 and the Debenture shall become convertible into 12,104,444 units of Falco (the "Units") only upon receipt of disinterested shareholder approval. Each Unit shall consist of one Common Share and one-half of one common share purchase warrant. Each whole warrant shall entitle the holder to purchase one Common Share, subject to customary anti-dilution clauses, at a price of \$0.75 for a period of 36 months from the date the Units are issued.

The special meeting of shareholders of Falco for the approval of the Silver Stream Transaction and the conversion of the Debenture is expected to occur in the fourth quarter of 2018.

#### Approvals

The Company is continuing negotiations to obtain all necessary third party approvals to conduct the business in connection with the development and construction of the Horne 5 Project. Falco has yet to receive formal approvals and licenses from a third party, but has been in constant discussions regarding the requirements to obtain such approvals and licenses.

While the Company believes that it should be able to obtain the licenses from the third party, and to acquire the required rights of way and other surface rights, there can be no assurance that any such license, right of way or surface right will be granted, or if granted will be on terms acceptable to the Company and in a timely manner. As such, the current development schedule is being reviewed by Falco.

#### Pavillon Quemont School Construction

The Pavillon Quemont School (the "Pavillon") construction program is completed. Falco delivered the Pavillon to the local school board of Rouyn-Noranda in August. The Pavillon was delivered in exchange for existing infrastructure assets that will be used by Falco during development and mine operations. The total relocation and construction costs of the Pavillon were approximately \$22.5 million. The Pavillon was delivered to the local school board on time and on budget.

#### Environmental and Permitting Process

The Company is advancing the environmental and permitting process of its Horne 5 Project. The Horne 5 Project is subject to the environmental impact assessment and review procedure under the provincial Environment Quality Act. The Company submitted its Environmental Impact Statement (the "EIA") to the Environmental Assessment Registry of the Ministry of Sustainable Development, Environment and the Fight against Climate Change (the "MDDELCC"). The EIA is now publicly available and currently under review. For additional information, studies, opinions, Q&As and commentaries on the permitting process and the Company's EIA refer to the documentation available on the MDDELCC website. [www.ree.mddelcc.gouv.qc.ca](http://www.ree.mddelcc.gouv.qc.ca)

#### Upcoming Events

The Company will be presenting at the 2018 Precious Metals Summit Beaver Creek that will take place on September 20-22, 2018.

On September 20 at approximately 1:00 p.m. MDT, a live webcast of the Falco presentation will be available through the Precious Summit website. [www.precioussummit.com](http://www.precioussummit.com)

#### About Falco

[Falco Resources Ltd.](#) is one of the largest mineral claim holders in the Province of Québec, with extensive land holdings in the Abitibi Greenstone Belt. Falco holds rights to about 67,000 hectares of land in the Rouyn-Noranda mining camp, which represents approximately 70% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located in the former

Horne mine that was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. Osisko is the largest shareholder of the Company and currently owns 12.6% of the issued and outstanding shares of the Company. The Company has 189,195,976 shares issued and outstanding.

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*This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements, and subject to risks and uncertainties. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "seeks", "expects", "estimates", "intends", "anticipates", "believes", "could", "might", "likely", or variations of such words, or statements that certain actions, events or results "may", "will", "could", "would", "might", "will be taken", "occur", "be achieved" or other similar expressions. Forward-looking statements, including statements concerning the conversion of the Debenture, obtaining disinterested shareholder approval, obtaining of all approvals to close the Silver Stream Transaction, and the Company's use of proceeds from the loan, the Silver Stream Transaction and the Debenture, involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are subject to business and economic factors and uncertainties, and other factors that could cause actual results to differ materially from these forward-looking statements, including the obtaining of all required authorizations from third parties on terms acceptable to the Company and in a timely manner and those risks set out in Falco's public documents, including in each management discussion and analysis, filed on SEDAR at [www.sedar.com](http://www.sedar.com). Furthermore, should one or more of the risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. These risks, uncertainties and other factors include, among others, political, economic, environmental and permitting risks, regulatory restrictions, mining operational and development risks, litigation risks, regulatory restrictions, environmental and permitting restrictions and liabilities, internal and external approval risks, changes in the use of proceeds relating to the Secured Loan, the Stream and Debenture financings, currency fluctuations, global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements, and defective title to mineral claims or property. Although Falco believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/308184--Falco-Announces-10-Million-Secured-Loan-With-Osisko-Gold-Royalties-and-Provides-Corporate-Update.html>

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