

# Falco Announces Closing of Its Previously Announced Silver Stream Transaction With Osisko and a Shares for Debt Settlement

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

MONTREAL, Feb. 27, 2019 - [Falco Resources Ltd.](#) (TSXV: FPC) ("Falco" or the "Company") is pleased to announce closing of a previously announced silver stream transaction (the "Silver Stream Transaction") with [Osisko Gold Royalties Ltd.](#) (TSX & NYSE: OR) ("Osisko") pursuant to which Osisko has agreed to commit up to \$180 million through a silver stream toward the funding of the development of the Horne 5 Project (the "Project"). Falco is also pleased to announce that it has reached an agreement with Osisko for the repayment of the interest owed to Osisko under certain outstanding loans through the issuance of common shares of Falco.

## Silver Stream Transaction with Osisko

Pursuant to the Silver Stream Transaction previously announced by the Company on June 18, 2018, Osisko has agreed to commit up to \$180 million payable as follows:

- \$25 million on closing of the Silver Stream Transaction, net of any amounts owing by the Company to Osisko including the repayment of the principal amount of the \$10 million loan granted in May 2016 and the principal amount of the \$10 million loan granted in September 2018;
- \$20 million upon the Company receiving all necessary material third-party approvals, licenses, right of ways, and surface rights;
- \$35 million following receipt of all material permits required for the construction of a mine on the Project, a positive construction decision for the Project, and raising a minimum of \$100 million in equity, joint venture or any other non-debt financing for the construction of the mine.
- \$60 million upon the total projected capital expenditure for the Project has been demonstrated to be financed; and
- An optional payment of \$40 million at the sole discretion of Osisko to increase stream percentage to 100%.

Under the terms of the stream agreement (the "Stream Agreement"), Osisko will purchase 90% of the refined silver from the Project. In exchange for the refined silver delivered under the Stream Agreement, Osisko will pay the Company ongoing payments equal to 20% of the spot price of silver on the day of delivery, subject to a maximum payment of US\$6 per silver ounce.

Pursuant to the Stream Agreement, the Company has agreed to pay a \$2,000,000 capital commitment fee. The fee is payable upon Osisko funding the third deposit under the Stream Agreement.

Luc Lessard, President and CEO, comments: "This financing transaction demonstrates the strong support of Osisko and its positive outlook on the Horne 5 Project. The closing of this Silver Stream Transaction is a major milestone as Falco looks forward to building a high-quality, profitable, and environmentally safe project that will deliver significant economic benefit to all of our stakeholders."

The Silver Stream Transaction was subject to a right of first refusal in favor of Glencore Canada Corporation ("Glencore") which right was not exercised. In addition, Glencore agreed to subordinate certain security interests in accordance with its obligations pursuant to its existing security interests in Falco's assets.

Glencore remains the owner of an off-take option to purchase production from the Project. BaseCore Metals

LP owns a 2% NSR royalty on the Project and has agreed upon security interests in respect of Falco's assets as part of the Silver Stream Transaction. Osisko interest in the Stream Agreement is also secured by the assets of Falco.

#### Shares for Debt Settlement

Falco and Osisko have also reached an agreement to settle interest owed under the \$10 million loan granted in May 2016 and the \$10 million loan granted in September 2018 through the issuance of common shares of Falco. The principal amount of each loan will be reimbursed with the first instalment under the Stream Agreement and the interest owed under such loans will be paid through the issuance of 5,353,791 common shares at a deemed price of \$0.34 per share. These shares are subject to a hold period ending June 27, 2019.

The entering into the shares for debt settlement 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 and to obtain minority approval, as the fair market value of the consideration for, the shares for debt does not exceeds 25% of the Company's market capitalization. The independent directors of Falco have approved the shares for debt settlement. After the issuance of common shares under the shares for debt settlement, Osisko will own, directly and indirectly, 41,385,240 common shares of Falco representing 19.9% of the issued and outstanding common shares after completion of the shares for debt settlement. Completion of the shares for debt settlement is subject to obtaining necessary regulatory approvals, including acceptance of the TSX Venture Exchange.

#### 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 owns rights on 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 17.8% of the issued and outstanding shares of the Company. The Company has 202,524,945 shares issued and outstanding.

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

#### Cautionary Note Regarding Forward-Looking Statements

*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 in this release include statements concerning the Silver Stream Transaction and the shares for debt settlement. The Silver Stream Transaction and the shares for debt settlement 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. There is no guarantee that Falco will receive the subsequent instalments under the Stream Agreement nor that it will receive all necessary material third-party approvals, licenses, right of ways and surface rights and material permits for the construction of a mine on the Project. The construction of the mine is subject to additional financing and there is no guarantee that Falco will obtain such financing under reasonable commercial terms. Falco's intention to complete the shares debt settlement as described in this release is dependent on the ability of Falco to obtain the approval of the TSX Venture Exchange and there is no guarantee that Falco will receive the requested approval of the terms and conditions of the shares for debt settlement. 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 of the Stream, 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 times 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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