

Santacruz Silver Confirms Earn-In by Carrizal Mining of 20% Interest in Santacruz's Veta Grande Project and Agrees to Acquire Carrizal Mining

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Vancouver, May 22, 2019 - [Santacruz Silver Mining Ltd.](#) (TSXV: SCZ) (the "Company" or "Santacruz") announces that Carrizal Mining, S.A. de C.V. ("Carrizal"), a private Mexican mining company, has earned a 20% working interest in Santacruz's Veta Grande Project pursuant to the terms of an agreement dated November 30, 2017 (see press release dated December 14, 2017).

Further, the Company has entered into separate agreements, with binding effect as of May 21, 2019, to acquire 100% of the outstanding shares of PCG Mining, S.A. de C.V. ("PCG") which is a holding company that owns 100% of Carrizal's outstanding shares. The shares of PCG are owned as to 50% each by two unrelated shareholders. One of the shareholders is at arm's-length to Santacruz and the other shareholder is Carlos Silva, Santacruz's COO.

Consideration for the acquisition is as follows:

1. With respect to the acquisition of PCG shares from the arm's-length party (the "Arm's Length Acquisition"), on closing a cash payment by Santacruz of US\$500,000 and other consideration in the amount of approximately US\$600,000, including the forgiveness of approximately US\$450,000 in debt owed by the shareholder to Carrizal; and
1. With respect the acquisition of PCG shares from Carlos Silva (the "Silva Acquisition", and together with the Arm's Length Acquisition, the "Transaction"), on closing the issuance of 30,000,000 shares of Santacruz (the "Consideration Shares") to Mr. Silva at a deemed price of CDN\$0.05 per share.

Completion of the Transaction is subject to receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the "Exchange"). The Transaction is considered a "Reviewable Transaction" as defined in Exchange Policy 5.3. The Company plans to complete the Arm's Length Acquisition, and thereby initially acquire 50% of PCG, immediately upon receipt of Exchange approval.

The Silva Acquisition will be subject to the Company obtaining approval from the disinterested shareholders of the Company pursuant to Exchange requirements, since the Consideration Shares will represent more than 10% of the Company's outstanding shares prior to closing. Carlos Silva does not currently hold any common shares of the Company. On completion of the Silva Acquisition, Mr. Silva would hold 30,000,000 common shares of the Company representing approximately 14.7% of the Company's then issued and outstanding shares (assuming no other shares are issued subsequent to the date hereof other than the Consideration Shares).

The Company plans to complete the Silva Acquisition and thereby acquire the remaining 50% of PCG following a shareholder meeting expected to be held in July or August 2019 (subject to the necessary approvals being obtained). The Arm's Length Acquisition and the Silva Acquisition are not conditional on each other.

The Veta Grande Project includes the Veta Grande Property (34 mining concessions totaling approximately 1,139 ha) under option from Contracuna (see press release dated August 29, 2018) containing the Garcia, Armados, Navidad and Guadalupana mines; the Minillas Property (four mining concessions totaling approximately 98 ha) and the Zacatecas Properties (149 mining concessions totaling approximately 7,826 ha) acquired outright from Golden Minerals (see press release dated October 16, 2018). The Zacatecas

Properties contain the Panuco Deposit. Mineralization is comprised of low-sulfidation epithermal quartz veins that host silver, gold, lead, and zinc minerals. This represents one of the largest land positions in the historic Zacatecas mining district. Recent drilling and underground development funded in part by Carrizal has demonstrated continuity of mineralization along strike and down dip at the Veta Grande and Armados vein structures (see press release dated October 22, 2018). In addition, development of underground faces below the historical workings at the Garcia mine have contributed to increased silver production from the Veta Grande vein structure (see news release dated February 14, 2019).

As indicated above, Carrizal has earned a 20% working interest in the Company's Veta Grande Project. Carrizal has to date expended approximately US\$4.1 million on exploration and development costs on the Veta Grande Project including increasing the mine and mill production capacity to the current optimal rate of 650 tpd, completing approximately 15,000 metres of surface and underground drilling, and providing various underground, laboratory and infrastructure equipment and supplies to support a mining operation of 650 tpd. The primary rationale for the Transaction is for the Company to effectively buy-back such 20% interest and regain 100% ownership rights of the subject property interests. The aggregate value of the consideration for the acquisition of PCG under the Transaction, being approximately CDN\$3.0 million, is significantly lower than the approximately CDN\$5.5 million in expenditures Carrizal has incurred in exploration and development costs in relation to the 20% working interest (based on the daily exchange rate of \$1 US dollar = CDN\$1.3468 reported by the Bank of Canada on May 17, 2019). Accordingly, the Transaction provides the Company with significant value.

Carrizal also operates the Carrizal and Mina Monte mines (collectively the "Zimapan Mine") (34 mining concessions covering an area of 5,139 ha) located seven kilometers northwest from the town of Zimapan, Hidalgo, Mexico under a 10-year lease agreement with Minera Cedros, S.A. de C.V. ("Minera Cedros"), a wholly-own subsidiary of Grupo Peñoles, S.A.B. de C.V. Unless otherwise amended or extended, the lease agreement with Minera Cedros expires on July 31, 2019. The Company understands that Carrizal and Minera Cedros are currently in negotiations with respect to Carrizal acquiring outright the Zimapan Mine from Minera Cedros. This is an additional potential benefit from the Transaction and there can be no assurance that Carrizal will be successful in funding and acquiring the Zimapan Mine. Accordingly, the acquisition by Carrizal of the Zimapan Mine is not a condition to completing the Transaction.

The Zimapan Mine consists of fourteen mineral zones that are characterized by polymetallic replacement mineralization of Pliocene age. Silver, lead, zinc and copper minerals have preferentially replaced carbonate host rocks and pre-existing skarn bodies to produce disseminated, semi-massive sulfide and massive sulfide bodies that occur in proximity to monzonitic intrusions and quartz-feldspar porphyry dikes. The Zimapan Mine milling facility has a capacity of 3,200 tonnes per day ("tpd") that is currently operating at 2,560 tpd and has three circuits producing lead, zinc and copper concentrates. The Company plans to file an independent technical report under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") in respect of the Zimapan Mine as may be required.

Arturo Prestamo, Santacruz's CEO stated, "The acquisition of a 100% interest in Carrizal is important as it allows us to return to 100% ownership rights in the Veta Grande Project. It also offers the Company a chance to acquire an operating mine in a potentially accretive transaction that would enhance Santacruz's operations."

As Carlos Silva is an insider of the Company, the Silva Acquisition constitutes a "related party transaction" of the Company under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Jorge Federico Villaseñor, who is a director of the Company, is also a director of Carrizal. Senior management of the Company, excluding Carlos Silva, negotiated the terms of the Transaction under the direction of the Company's board of directors (excluding Messrs. Villaseñor). The directors of the Company, excluding Messrs. Villaseñor who abstained from voting, unanimously approved the Transaction and determined that the Silva Acquisition will be exempt from the formal valuation and shareholder approval requirements of MI 61-101, on the basis that, at the time the Silva Acquisition was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Silva Acquisition exceeds 25% of the Company's market capitalization.

After reasonable enquiry, the Company is not aware of any "prior valuation" (as defined in MI 61-101) that has been made in the 24 months prior to the date hereof and that relates to the subject matter of or is otherwise relevant to the Silva Acquisition.

All scientific and technical information contained in this news release has been reviewed and approved by

Van Phu Bui, P.Geo., who is independent of the Company and is a "qualified person" within the meaning of NI 43-101.

About [Santacruz Silver Mining Ltd.](#)

Santacruz is a Mexican focused silver company with two producing silver projects (Veta Grande Project and Rosario Project) and two exploration properties (Minillas Property and Zacatecas Properties, which are associated with the Veta Grande Project). The Company is managed by a technical team of professionals with proven track records in developing, operating and discovering silver mines in Mexico. Our corporate objective is to become a mid-tier silver producer.

'signed'

Arturo Préstamo Elizondo,
President, Chief Executive Officer and Director

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Forward looking information

Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including statements relating to completion of the Transaction. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions. In making the forward-looking statements included in this news release, the Company has applied several material assumptions, that the Company's financial condition and development plans do not change as a result of unforeseen events, that third party mineralized material to be milled by the Company will have properties consistent with management's expectations, that the Company will receive all required regulatory approvals, including approval of the Exchange in respect of the Transaction, and that future metal prices and the demand and market outlook for metals will remain stable or improve. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to above prove not to be valid or reliable, which could result in lower revenue, higher cost, or lower production levels; delays in and/or failure to obtain necessary regulatory and shareholder approvals of the Transaction; delays and/or cessation in planned work; changes in the Company's financial condition and development plans; risks associated with the interpretation of data (including in respect of the third party mineralized material) regarding the geology, grade and continuity of mineral deposits; the possibility that results will not be consistent with the Company's expectations, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to the Company as set forth in the Company's continuous disclosure filings filed under the Company's profile at www.sedar.com. There can be no assurance that any forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. The Company undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.

Rosario Project

The decisions to commence production at the Rosario Mine, Cinco Estrellas Property and Membrillo

Prospect were not based on a feasibility study of mineral reserves demonstrating economic and technical viability, but rather on a more preliminary estimate of inferred [Mineral Resources Ltd.](#) Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production decision. Production and economic variables may vary considerably, due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101.

Veta Grande Project

The decision to commence production at Veta Grande Project was not based on a feasibility study on mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production decision. Production and economic variables may vary considerably due to the absence of a complete and detailed site analysis according to and in accordance with NI 43-101.

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