

Luca Mining's Upgrade Initiative at Campo Morado Gets Financial Boost with New Funding Package

06.12.2023 | [CNW](#)

VANCOUVER, BC, Dec. 6, 2023 [Luca Mining Corp.](#) ("Luca" or the "Company") (TSXV: LUCA) (OTCQX: LUCMF) (Frankfurt: Z68) is pleased to announce that it has arranged a funding package for the mine optimization program (the "Program") underway at its 100% owned Campo Morado copper-gold-silver-zinc mine in Mexico.

The optimization program at Campo Morado is a major initiative and is expected to result in fundamental improvements in productivity, operational efficiency and cashflow.

- Campo Morado Optimization Program
 - Luca expects revenues from Campo Morado to increase by approximately 40% as a result of the optimization program.
- Funding Secured for Optimization Program
 - Luca has secured the CAD \$3.6 million budgeted for the Program, focusing on mine and mill equipment, process control, and operator training.
 - Total funding package includes a CAD \$2 million private placement at a significant premium to the market, as well as a US \$2.5 million debt facility.
- Trafigura Debt Restructuring
 - Trafigura converts US \$5.8 million loan into a non-interest-bearing convertible loan.
- Debt Settlement with Latapi Consultores
 - Luca settles a CAD \$11M+ debt with Latapi, writing off CAD \$3M+ and converting the remaining CAD \$7.9M to equity at CAD \$0.45 per share, greatly improving the Company's financial position.

Mike Struthers, CEO, commented, "This is a transformational initiative for Campo Morado. Through this strategic funding we can push ahead aggressively with this program, unlocking the true potential of the mine. Our new VP Technical, Chris Richings, is leading the effort, combined with Ausenco's lead process engineer Richard Whittering. An effective mine-to-mill program, with blending of the ore feed to the mill, is a crucial element and the program also includes a wide range of staged improvements in the mill. I am confident that under this initiative we will be adding considerable value to the bottom line at Campo Morado, and hence to Luca as a whole."

Ramon Perez, President, stated, "We have spent the past several months diligently working to set the Company up for a very strong 2024. We have already started to see major improvements resulting from the early stages of the Campo Morado mine optimization plan developed in conjunction with Ausenco. This should increase cash flow from Campo Morado dramatically by Q2, 2024. Further we are still on target to confirm the completion of the build out of facilities at our Tahuehueto gold mine to an installed capacity of 1,000 tonnes per day by year end, with declaration of commercial production in Q1, 2024. We hope shareholders recognize that despite market price challenges, all the financial restructuring described above has been negotiated at or above the price of the Company's last private placement. In particular, removing \$11,029,817.23 in debt for 17,750,000 shares, represents an equivalent \$0.62 deemed settlement price."

Campo Morado, located in Guerrero State, Mexico, is an operating underground base and precious metals mine with annual throughput of approximately 600,000 tonnes, producing zinc, copper, and lead concentrates with significant precious metals credits. The long life mine is expected to generate consistent, positive free cash flow in 2024 and beyond.

The Campo Morado optimization Program has already demonstrated the mine's considerable potential for improvement. An over 20-point improvement in copper recovery has already been achieved, together with 5 points of zinc recovery with improved zinc grades, during this initial stage. Over the coming months the Program is expected to achieve separate, clean copper, zinc and lead concentrates with substantially higher recoveries and concentrate grades, delivering considerable additional value to Campo Morado over life of mine. Most notably, total payable copper recovery is expected to increase by 25 points to 70% compared to recent past performance, and with a much-improved concentrate grade of 25% copper.

The funding package will enable the Company to aggressively push ahead with the improvements, initially focusing on investments in mine equipment, mill equipment, process control, and operator training.

The Company is already seeing the benefits of these improvements to cashflows, and continued success with the Program is expected to drive greater profitability at Campo Morado.

Funding Package and Debt Conversion

The Program is budgeted at CAD \$3.6 million and with a time frame of approximately 6 months for completion. The Program will include several elements, such as investment in mine equipment, process plant equipment and operator training. We are pleased to advise that our concentrate purchaser Trafigura De Mexico, S.A. de C.V. ("Trafigura") has agreed to a restructuring of a portion of the current debt outstanding, as well as providing an additional advance of US \$2.5M to help fund the Program as follows:

- By news release dated March 31, 2023, the Company originally announced that Trafigura would convert US\$5.8M of outstanding loans (approximately CAD\$8M) into common shares at \$.35 per share plus 6,750,000 non-transferable share purchase warrants. The parties have now agreed to convert the US\$5.8M loan into a non-interest-bearing convertible loan, convertible in 3 years at \$.35 per share into common shares of the Company. No share purchase warrants will be issued.
- Secondly, Trafigura has agreed to expand its current general debt facility by US\$2.5M in exchange for a two-year extension on the Campo Morado offtake agreements that it holds. Luca expects that with the expected increase in cash flows from Campo Morado, it should be able to pay back the expanded facility within 6-8 months of the completion of the Program.
- Thirdly, the Company has arranged to sell, on a non-brokered private placement (the "Private Placement") basis, an aggregate of up to 5,714,285 units from treasury (the "Units") at a price of CAD \$0.35 per Unit for aggregate gross proceeds of CAD \$2 million to a strategic investor. Each Unit consists of one common share of the Company (a "Unit Share") and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share (a "Warrant Share") at a price of CAD \$0.50 per Warrant Share for a period ending two (2) years (the "Expiry Date") following the closing of the Private Placement (the "Closing Date"), subject to an acceleration clause.
- If, at any time between the Closing Date and the Expiry Date, the closing price of the Company's common shares ("Shares") on the TSX Venture Exchange ("TSXV") exceeds \$0.90 for 15 consecutive trading days, then the Company will earn the right, by providing notice (the "Acceleration Notice") to the Warrant holder via a news release, to accelerate the Expiry Date of the Warrants to that date which is 30 days from the date of the Acceleration Notice (the "Accelerated Expiry Date"). In such instance, all Warrants that are not exercised prior to the Accelerated Expiry Date will expire on the Accelerated Expiry Date.
- A finder's fee of 8% is payable on the Private Placement. The Company has also reserved a 25% oversubscription option on the Private Placement. Net proceeds of the Private Placement will be used towards the optimization Program at Campo Morado as well as for general working capital purposes. All securities issued under the Private Placement will be subject to a four month and one day hold period from closing.
- Finally, the Company has entered into an agreement with Latapi Consultores, S.A. de C.V. ("Latapi"), a private Mexican company that acquired the Company's outstanding debt in the amount of CAD \$11,029,817.23 payable and owing to Accendo Banco S.A. de C.V. ("Accendo"). Latapi has agreed to write-off CAD \$3,042,317.23 of the outstanding loan facility leaving a balance of CAD\$7,987,500 and subject to the acceptance of the TSXV will convert this balance to equity at CAD\$0.45 for 17,750,000 common shares. The Company views this debt settlement very positively, as it removes a CAD\$11M+ liability on the Company's balance sheet on favourable terms, considering the write-off and settlement are being completed at a substantial premium to current market price.

About Luca Mining Corp.

[Luca Mining Corp.](#) is a Canadian based mining company with two 100% owned Mexican gold, silver, and base metal mining projects. With one mine ramping up, and another going through an optimisation program,

the Company expects these operations to generate consistent, positive free cash flow starting in early 2024.

Luca's Tahuehueto Mine is a new underground gold mine in northwestern Durango State, Mexico, located within the prolific Sierra Madre Mineral Belt which hosts numerous producing and historic mines along its trend. Currently in the final stages of construction to the nameplate capacity of 1,000 tonnes per day, Tahuehueto is on track to become a significant and one of Mexico's newest gold mines to come into production. The Pre-Feasibility Study updated in 2022 contemplates an operation achieving production of 40,000 ounces gold-equivalent per year, with approximately 75% of the revenues from precious metals, and a 10-year mine life.

The Campo Morado Mine, located in Guerrero State, Mexico, is an operating underground base and precious metals mine with a throughput of approximately 600,000 tonnes per year, producing zinc, copper, and lead concentrates with significant precious metals credits. It is currently undergoing an optimisation program which is already generating significant improvements in recoveries and grades, and cashflows.

Qualified Persons

The technical information contained in this News Release has been approved by Mr. Christopher Richings, P.Eng. (EGBC) Vice-President Technical at Luca Mining, a Qualified Person for the Company as defined in National Instrument 43-101.

Visit: www.lucamining.com

On Behalf of the Board of Directors

(signed) "Mike Struthers"

Mike Struthers, CEO and Director

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that Luca declared commercial production at Campo Morado prior to completing a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, readers should be cautioned that Luca's production decision has been made without a comprehensive feasibility study of established reserves such that there is greater risk and uncertainty as to future economic results from the Campo Morado mine and a higher technical risk of failure than would be the case if a feasibility study were completed and relied upon to make a production decision. Luca has completed a preliminary economic assessment ("PEA") mining study on the Campo Morado mine that provides a conceptual life of mine plan and a preliminary economic analysis based on the previously identified mineral resources (see News Release dated November 8, 2017, and April 4, 2018).

Statements contained in this news release that are not historical facts are "forward-looking information" or "forward-looking statements" (collectively, "Forward-Looking Information") within the meaning of applicable Canadian securities laws. Forward Looking Information includes, but is not limited to, disclosure regarding the planned program to improve mining operations at Campo Morado; and other possible events, conditions or financial performance that are based on assumptions about future economic conditions and courses of action; the timing and costs of future activities on the Company's properties, such as production rates and increases; success of exploration, development and bulk sample processing activities, and timing for processing at its own mineral processing facility on the Tahuehueto project site. In certain cases, Forward-Looking Information can be identified using words and phrases such as "plans," "expects," "scheduled," "estimates," "forecasts," "intends," "anticipates" or variations of such words and phrases. In preparing the Forward-Looking Information in this news release, the Company has applied several material assumptions, including, but not limited to, that the current exploration, development, environmental and other objectives concerning the Campo Morado Mine and the Tahuehueto Project can be achieved; that the program to improve mining operations at Campo Morado will proceed as planned; the continuity of the price of gold and other metals, economic and political conditions, and operations. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ

materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/459244--Luca-Miningund039s-Upgrade-Initiative-at-Campo-Morado-Gets-Financial-Boost-with-New-Funding-Package.html>

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