

# Steppe Gold to Acquire Boroo Gold to Create Mongolia's Leading Gold Producer

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Ulaanbaatar, January 22, 2024 - [Steppe Gold Ltd.](#) (TSX: STGO) (OTCQX: STPGF) (FSE: 2J9) ("Steppe Gold") is pleased to announce that it has entered into a binding term sheet (the "Term Sheet") pursuant to which Steppe Gold, either directly or through a wholly-owned subsidiary, will acquire all of the issued and outstanding common shares (the "BG Common Shares") of Boroo Gold LLC ("Boroo Gold") in an all-share transaction (the "Proposed Transaction").

## Transaction Highlights:

- Boroo Gold is a leading gold producer with an average gold production of over 60,000 oz per annum and an expected mine life of beyond 2030.
- Creation of a leading gold producer in Mongolia with a near-term production target of 200,000 oz per annum including the committed ATO Gold Mine Phase 2 Expansion.
- Steppe Gold's production is expected to increase from 30,000 to 90,000 oz per annum upon completion of the Proposed Transaction.
- Total gold production is expected to rise to approximately 160,000 oz per annum in 2026 as Steppe Gold's ATO Gold Mine Phase 2 Expansion comes on stream.
- The Proposed Transaction is expected to add to the over 4,000,000 oz AuEq existing resource base of Steppe Gold.
- Boroo parties have the first right to acquire the Tres Cruces gold project in Peru following the completion of the Proposed Transaction at fair market value.

Bataa Tumor-Ochir, Chairman and CEO of Steppe Gold, stated: "The Boroo Gold acquisition will establish Steppe Gold as Mongolia's largest and leading gold producer. Our production is expected to triple over the next two years to 90,000 ounces and 160,000 ounces by 2026, increasing our financial strength to repay the non-dilutive US\$150M project financing for the ATO Gold Mine Phase 2 Expansion and to advance our exploration portfolio. It also provides shareholders with improved optionality at our Tres Cruces gold project in Peru while maintaining our focus on growing our production profile in Mongolia."

## Proposed Transaction Details

Pursuant to the Term Sheet, Steppe Gold will acquire all of the BG Common Shares in consideration of the issuance of that number of common shares of Steppe Gold that results in Boroo Pte Ltd. ("Boroo PL"), the beneficial shareholder of Boroo Gold, directly or indirectly holding a 58.8% interest in Steppe Gold (calculated on a fully-diluted basis) upon completion of the Proposed Transaction.

The Proposed Transaction is subject to the negotiation of definitive agreements ("Definitive Agreements") which will be negotiated during an exclusivity period ending on March 18, 2024 (subject to extension by both parties). The Definitive Agreements are expected to include customary representations, warranties, deal protections, including non-solicitation covenants and reciprocal expense reimbursement in certain circumstances. Steppe Gold has also agreed to give Boroo PL certain registration rights.

Additionally, for a period of six months following the completion of the Proposed Transaction, Boroo PL, and/or its associates will have a right of first refusal to acquire the Tres Cruces gold project located in Peru through its wholly-owned subsidiary, [Anacortes Mining Corp.](#), at fair market value.

The conditions to execution of the Definitive Agreements include but are not limited to: (i) completion and satisfaction of due diligence (at the full discretion of each of Steppe Gold and Boroo PL); (ii) absence of a material adverse change in respect of Steppe Gold or Boroo Gold, as applicable; (iii) approval by each of Steppe Gold's and Boroo PL's board of directors to enter in the Definitive Agreement; and (iv) negotiation of Definitive Agreements in form and substance satisfactory to the parties.

Following the negotiation of the Definitive Agreements the Proposed Transaction will be conditional on the receipt of all necessary regulatory, stock exchange and court approvals, and the approval of the Proposed Transaction by the shareholders of each of Steppe Gold and Boroo PL.

Steppe Gold and Boroo PL will use best efforts to obtain executed lock-up agreements from certain of their shareholders to vote their shares in favour of the Proposed Transaction at their applicable meetings. Directors and officers of each of Steppe Gold and Boroo PL that hold shares of the respective entities, as applicable, will enter into lock-up agreements to agree to vote their shares in favour of the Proposed Transaction at the meetings.

The parties to the Term Sheet will co-operate to ensure the Proposed Transaction is structured in compliance with Toronto Stock Exchange rules and applicable securities laws, including Multilateral Instrument 61-101, as applicable, as well as with respect to any necessary formal valuations and fairness opinions, which, if required, will be prepared by qualified, independent valuers in due course.

The Term Sheet provides that Boroo PL will have the right to nominate two directors of Steppe Gold and key executive management of Steppe Gold will remain in place. Following the completion of the Proposed Transaction, Steppe Gold will be the sole shareholder of Boroo Gold.

#### Benefits of the Proposed Transaction

The Proposed Transaction is expected to provide meaningful benefits to shareholders of Steppe Gold, including:

- Increased production from 30,000 to 90,000 oz per annum in 2024 and 2025 and 160,000 oz per annum by 2026.
- Strong cash flow and increased financial strength to service ATO Gold Mine Phase 2 Expansion debt and project financing.
- Funding for exploration programs and further acquisition opportunities in Mongolia.
- Increased optionality for the Tres Cruces gold project in Peru.
- Creates a multi-asset producer with a strong base and focus in Mongolia.

#### Advisor

Steppe Gold's legal counsel is Fasken Martineau DuMoulin LLP.

#### Qualified Persons

The technical content of this news release regarding Steppe Gold has been reviewed by Enkhuvshin Khishigsuren, PEng., a Qualified Person as that term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

#### Technical Reports

Additional information with respect to Steppe Gold's Altan Tsagaan Ovoo Project, including its AuEq

resource base, is contained in the technical report of Steppe Gold dated November 6, 2022 and entitled "Altan Tsagaan Ovoo Project (ATO) 2022 Mineral Resources & Reserves Report (NI 43-101)". A copy of the said report can be obtained from SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Further, information with respect to Steppe Gold's Tres Cruces Oxide Project is contained in the technical report of Steppe Gold, dated August 21, 2023 and entitled "Form 43-101F1 Technical Report Preliminary Economic Assessment". A copy of the said report can be obtained from SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### About Steppe Gold

Steppe Gold is Mongolia's premier precious metals company and 100% owner of the ATO gold mine and the Uudam Khundii project in Mongolia.

#### About Boroo Gold

Established in 1997, Boroo Gold LLC is a leading gold producer in Mongolia with over 50,000 tons per day mining fleet, 5,500 tons per day mill and carbon-in-leach circuit gold processing plant, 3,000,000 tons per annum heap leach and carbon-in-columns plant, with a workforce of over 500 people. Boroo Gold LLC operates Boroo mine in Selenge province, as well as owning and operating the adjacent Ulaanbulag mine in Mongolia.

#### Cautionary Statement on Forward-Looking Information

This news release includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws collectively "forward-looking statements". These include statements regarding Steppe Gold's intent, or the beliefs or current expectations of the officers and directors of Steppe Gold for Steppe Gold's growth and valuation post-closing and future market conditions for metals.

When used in this news release, words such as "anticipated", "expected", "future", "opportunity", "ongoing", "potential", "proposed", "vision" and similar expressions are intended to identify these forward-looking statements as well as phrases or statements that certain actions, events or results "could", "may", "should", "will", "would" or the negative connotation of such terms.

As well, forward-looking statements may relate to future outlook and anticipated events, such as the consummation and timing of the Proposed Transaction; the entering into the Definitive Agreements; the terms and conditions thereof; the proposed board of directors and management team of Steppe Gold following the Proposed Transaction; the length of the exclusivity period; the satisfaction of the conditions precedent to the Proposed Transaction; the strengths, characteristics and potential of the resulting company; the potential for value creation of Steppe Gold shareholders; and discussion of future financial or operational plans, projections, objectives, estimates and forecasts and the timing related thereto of Steppe Gold and Boroo Gold, including with respect to the ATO gold mine and Tres Cruces gold project.

These forward-looking statements involve numerous risks and uncertainties, including those relating to required shareholder, regulatory, stock exchange and court approvals; obtaining sufficient number of lock up agreements; the results of any formal valuation and fairness opinion; exercise of any termination rights under the Term Sheet and the Definitive Agreements; meeting other conditions precedent in the Term Sheet; material adverse effects on the business, properties and assets of Steppe Gold or Boroo PL; discrepancies between actual and estimated production and test results, mineral reserves and resources and metallurgical recoveries; and such other risk factors detailed from time to time in Steppe Gold's public disclosure documents including, without limitation, those risks identified in Steppe Gold's annual information form for the year ended December 31, 2022, which is available on SEDAR+ at [www.sedar.com](http://www.sedar.com).

Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements speak only as of the date those

statements are made. Except as required by applicable law, Steppe Gold assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If Steppe Gold updates any one or more forward-looking statements, no inference should be drawn that the company will make additional updates with respect to those or other forward-looking statements. All forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement.

#### Contact Information

#### Steppe Gold

Bataa Tumor-Ochir, Chairman and Chief Executive Officer  
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