

Medgold to Acquire Klondike Gold's Portuguese Assets and Arranges \$1.5 Million Financing

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Dec 11, 2013) - [Medgold Resources Corp.](#) (TSX VENTURE:MED), the European focused gold exploration company, is pleased to announce that it has signed a Letter of Intent ("LOI") with [Klondike Gold Corp.](#) ("Klondike") for the acquisition of 100% of its Portuguese assets which comprise five gold exploration permits covering 600 sq km in northern Portugal, primarily located along the Valongo Belt. The Company is also conducting a \$1.5 million non-brokered private placement to primarily fund exploration activity. Both the acquisition and private placement are subject to TSX Venture Exchange approval.

Highlights

- Four of five acquired exploration licences are located along the Valongo Belt - a major gold-bearing district.
- Near-surface gold mineralization previously delineated at Castromil within the Legares licence area:
 - Historical mineral resource estimate of 2.42Mt at 1.89g/t Au for approximately 145,000 oz Au. *A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource, and the Company is not treating the historical resource as current. See below for a discussion of the historical estimate.*
 - Strong potential to significantly increase known mineralization following recent work by Company's consultant demonstrating that the mineralization described in the historical resource estimate is open at depth and along strike in both directions.
- The fifth licence, Ponte de Barca, shares similar geology and mineralization style to the Company's Boticas gold project, where Medgold has identified broad areas (20 to 40 metres) grading 2 to 4 g/t Au hosted by sheeted veins.
- Acquisition is in line with strategy to secure and develop a portfolio of highly prospective gold projects focused on western Europe.
- Financing being arranged for \$1.5 million.

Dan James, the President of Medgold, said, "By significantly increasing our exploration portfolio, this acquisition underpins our objective to become a leading gold explorer and developer in Western Europe. Our land-holding in Portugal now covers over 1,000 sq km of highly prospective ground, and hosts numerous areas of gold mineralization, such as the Valongo Belt. Recent reinterpretation of the structural setting and geological controls on mineralization within the Valongo Belt, by geological consultant and Company adviser, Jim Mortensen, has led to significant upgrading of the exploration potential of the region. With the funds raised we look forward to continuing this work in the New Year, strategically advancing these projects along the development curve, as we look to delineate and prove-up economic zones of gold mineralization. This acquisition allows Medgold to advance significantly in building a first-class exploration portfolio and generating significant shareholder value through successful exploration and development."

The Klondike Projects

The Klondike projects combine five exploration licences (Balazar, Valongo, Legares, Castelo do Paiva and Ponte de Barca), totaling 604 sq km, with four covering the majority of the Valongo anticline, plus Ponte de Barca, which covers several orogenic gold occurrences in the very north of Portugal. The Valongo anticline is a large overturned fold hosting numerous gold occurrences, many of which were exploited by the Romans. Recent interpretations clearly demonstrate that mineralization within the Valongo Belt was introduced by a series of faults and fractures, and is focused into 'saddle reefs' and *en echelon* vein arrays, commonly with zones of massive sulphide and quartz veining in a number of different lithologies.

The most advanced project is the Castromil project, located within the Legares licence. Historical exploration,

undertaken by both Connary Minerals plc ("Connary") and previous explorers, focused on near-surface high-grade mineralization, and included multiple phases of shallow percussion and diamond drilling, culminating in a 1997 mineral resource estimate (historical, see below) of 2.42 Mt at 1.89 g/t Au measured and indicated for approximately 145,000 oz Au. ("*Class III feasibility study, Castrolmil Gold Mine, Portugal, for Connary Minerals plc*", ACA Howe Mining & Metallurgy Ltd., October 1997; "the Connary Report"). Recent work by the Company's adviser, Jim Mortensen, clearly demonstrates that the mineralization is open at depth and along strike in both directions, highlighting the potential for additional discovery.

A qualified person has not done sufficient work to classify the historical mineral resource given in the Connary Report as a current mineral resource, and the Company is not treating the historical mineral resource as current. Neither the qualified person nor the Company has independently verified the information contained in the Connary Report. The historical mineral resource was prepared by ACA Howe Mining & Metallurgy Ltd. using a geologically constrained block model, with block grades calculated using an anisotropic inverse distance weighting method with an elliptical search radius oriented down the plunge of interpreted mineralized rock volumes. The qualified person has been unable to verify whether the definitions of "measured" and "indicated" used in the Connary Report in the context of its mineral resource statement are equivalent to those set out in section 1.2 of National Instrument 43-101. The mineral resource statement in the Connary Report does not report the measured and indicated resource categories separately, and reports no resources in the inferred category. The definition of "Class III feasibility study" described in the Connary Report does not correspond to the definition of "feasibility study" as set out in section 1.4 of National Instrument 43-101. The work described in the Connary Report appears to the Company and its qualified person to have been performed to a high technical standard and they consider it reliable, but it is currently unknown what work would be required to upgrade or verify the historical mineral resource as current, or if it is possible.

The Ponte de Barca licence is located in northern Portugal and approximately 75 km northeast from the city of Porto. The geology and controls on mineralization are very similar to the Boticas project, where high-grade mineralization is controlled by a series of strike-extensive and high-angle tension veins. Klondike has completed some limited rock-chip sampling, with 15 samples collected, yielding results from trace to 14.8, 12.9 and 12.0 g/t Au. *The Company has not independently verified Klondike's results.*

The Acquisition

The terms for the acquisition of Klondike's Portuguese assets are as follows:

- Payment of \$10,000 in cash upon signing of the LOI.
- Medgold will have up to 45 days to complete due diligence and if satisfactory will make a payment of \$40,000 in cash and \$100,000 in Medgold shares, and complete the acquisition.
- A final payment in 12 months of \$100,000 in cash and \$250,000 in cash or shares (to be decided by Medgold).
- On closing of the purchase, Klondike will retain a 2.0% NSR, which will be re-purchasable for \$1.0 million per percentage point.

Private Placement

The Company is also pleased to announce that it has arranged, subject to TSX Venture Exchange approval, a non-brokered private placement financing of up to 15 million units at \$0.10 per unit, for proceeds of up to \$1.5 million. Each unit will consist of one common share and one warrant entitling the holder to purchase one additional common share of the Company at \$0.15 for one year from closing.

The Company may pay finder's fees on a portion of the financing, payable in cash or units, plus finder's warrants which will be exercisable into one common share of the Company at a price of \$0.15 for one year from closing.

The net proceeds of the placement will be used towards exploration of the Company's properties in Europe and for general working capital purposes.

Qualified Person

Mr. David Clark, M.Sc., P.Geo. (APEGBC), Consulting Geologist to the Company, is a Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. Mr. Clark has approved the disclosure of technical information contained in this news release.

About Medgold

Medgold is aiming to become the leading Mediterranean-focused gold exploration and project development company, with an extensive portfolio and pipeline of projects across Portugal, Italy and Spain, targeting economically stressed, but politically stable European countries that are seeking foreign investment to invigorate the mining sector.

Additional information on Medgold can be found on the Company's website at www.medgoldresources.com and by reviewing the Company's page on SEDAR at www.sedar.com.

ON BEHALF OF THE BOARD

Daniel P. James, President & Director

Forward-looking statements

This press release may contain forward-looking statements including, but not limited to, comments regarding the timing and content of upcoming work programs, geological interpretations, receipt of property titles, potential mineral recovery processes, and other related matters. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Medgold's projects in Europe are at an early stage and all estimates and projections are based on limited, and possibly incomplete, data. More work is required before the mineralization and the projects' economic aspects can be confidently modelled. Actual results may differ materially from those currently anticipated in this news release. No representation or prediction is intended as to the results of future work, nor can there be any promise that the estimates and projections herein will be sustained in future work or that the projects will otherwise prove to be economic.

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