

# Orvana Provides Update on Closing of Copperwood Sale to Highland Copper

30.05.2014 | [Marketwired](#)

TORONTO, ONTARIO--(Marketwired - May 29, 2014) - [Orvana Minerals Corp.](#) (TSX:ORV) (the "Company" or "Orvana") announces that it expects to close the sale of its Copperwood Project ("Copperwood") to [Highland Copper Company Inc.](#) ("Highland") through the sale of all of the outstanding shares of Orvana Resources US Corp. ("Orvana US") on or before June 13, 2014.

As previously disclosed, in consideration for its acquisition of the shares of Orvana US, Highland has agreed to pay Orvana up to US\$25 million in aggregate, consisting of a base consideration of US\$20 million and additional consideration of up to US\$5.0 million.

Concurrent with the announcement by Highland of a letter of intent with **AMCI Holdings Inc.** ("AMCI") with respect to, among other things, the establishment of a joint venture between Highland and AMCI to include Copperwood, after its acquisition by Highland, Orvana and Highland have now agreed that the US\$20 million base consideration, previously agreed to be paid in cash upon closing, will be paid in two tranches as follows:

1. Orvana will receive a cash payment on closing equal to the sum of (a) US\$13,000,000, plus (b) an amount equal to all proceeds raised by Highland in excess of US\$21,000,000 as part of its previously announced private placement (together the "Closing Payment"); and
2. US\$7,000,000 less any payment made in excess of US\$21,000,000 as set out above represented by a secured promissory note ("Note") on the terms set forth below:
  - I. The Note will bear interest at an annualized rate of 13.5% on the outstanding amount from issuance of the Note until September 30, 2014 and thereafter at an annualized rate of 17.5%.
  - II. The principal amount outstanding under the Note, and the interest accrued thereon, may be prepaid at any time and is repayable no later than December 15, 2014 (the "Maturity Date"), subject to the mandatory prepayments described in subparagraph (iii) and (iv) below.
  - III. The Note will include mandatory prepayments of:
    - a. US\$2,000,000 from any payment made in September, 2014 by AMCI under its joint venture with Highland, and also any part of any such payment that exceeds US\$5,000,000;
    - b. an amount equal to 75% of the proceeds from any debt raise, equity raise (including the exercise of any warrants) or capital event other than in respect of the payment made in September, 2014 by AMCI under its joint venture with Highland; and
    - c. a bullet repayment of the outstanding balance of the Note, and the interest accrued thereon, on the earlier of (i) the payment made in December, 2014 by AMCI under its joint venture with Highland, and (ii) the Maturity Date including other contributions by AMCI made under the joint venture.
  - IV. The full amount of the outstanding balance of the Note, and the interest accrued thereon, will be immediately due and payable upon any change of control of Highland.
  - V. The Note will be secured by a first priority security interest over all of the assets of Orvana US, a pledge by Highland of all of the shares of Orvana US and a guarantee from Highland.

Among other things, closing of the acquisition ("Closing") is conditional upon the completion of a financing by Highland of a minimum of C\$18.0 million, including a subscription from AMCI, to fund the Closing Payment and receipt of all required regulatory approvals including the approval of the TSX Venture Exchange.

As previously disclosed, an additional consideration of up to US\$5 million will be paid by Highland in cash or shares of Highland, at Orvana's option, upon occurrence of the events described below:

- US\$1.25 million upon the earliest of (i) commencement of commercial production of Copperwood and (ii) the date that is 36 months after Closing; and an additional US\$1.25 million on the first anniversary of this payment.

- US\$1.25 million if the average copper price for any 60 calendar day period following the first anniversary and preceding the second anniversary of commencement of commercial production is greater than US\$4.25/lb; and an additional US\$1.25 million if the average copper price for any 60 calendar day period following the second anniversary and preceding the third anniversary of the commencement of commercial production is greater than US\$4.50/lb.

Orvana will use the proceeds received from the sale of Copperwood to repay a loan from Fabulosa Mines Limited and for working capital purposes.

### **About Orvana**

Orvana Minerals is a multi-mine gold and copper producer. Orvana's primary asset is the El Valle-Boinás/Carlés gold-copper mines in northern Spain. Orvana also owns and operates the Don Mario Mine in Bolivia, processing its copper-gold-silver Upper Mineralized Zone deposit. In February 2014, the Company [announced](#) the divestiture of its Copperwood copper project in Michigan, United States. Additional information is available at Orvana's website ([www.orvana.com](http://www.orvana.com)).

### **Forward Looking Disclaimer**

*Certain statements in this press release constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potentials, future events or performance (often, but not always, using words or phrases such as "believes", "expects", "plans", "estimates" or "intends" or stating that certain actions, events or results "may", "could", "would", "might", "will" or "are projected to" be taken or achieved) are not statements of historical fact, but are forward-looking statements.*

*Forward-looking statements relate to, among other things, all aspects of the development of El Valle-Boinás/Carlés Mines in Spain (the "EVBC Mines") and the Don Mario Mine in Bolivia and their operations and production; the timing and outcome of such development and production; estimates of future production, operating costs and capital expenditures; mineral resource and reserve estimates; estimates of permitting time lines; statements and information regarding future feasibility studies and their results; future transactions; future metal prices; the ability to achieve additional growth and geographic diversification; future financial performance, including the ability to increase cash flow and profits; future financing requirements; and mine development plans.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Orvana as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of Orvana contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and in the Company's most recently filed Management's Discussion & Analysis and Annual Information Form in respect of the Company's most recently completed fiscal year (the "Annual Disclosures"), or as otherwise expressly incorporated herein by reference as well as: there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; permitting, development, operations, expansion and acquisitions at the EVBC and Don Mario Mines being consistent with the Company's current expectations; political developments in any jurisdiction in which the Company operates being consistent with its current expectations; certain price assumptions for gold, copper and silver; prices for key supplies being approximately consistent with current levels; production and cost of sales forecasts meeting expectations; the accuracy of the Company's current mineral reserve and mineral resource estimates; and labour and materials costs increasing on a basis consistent with Orvana's current expectations.*

*A variety of inherent risks, uncertainties and factors, many of which are beyond the Company's control, affect the operations, performance and results of the Company and its business, and could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied by forward looking statements. Some of these risks, uncertainties and factors include fluctuations in the price of gold, silver and copper; the need to recalculate estimates of resources based on actual production experience; the failure to achieve production estimates; variations in the grade of ore mined; variations in the cost of*

*operations; the availability of qualified personnel; the Company's ability to obtain and maintain all necessary regulatory approvals and licenses; the Company's ability to use cyanide in its mining operations; risks generally associated with mineral exploration and development, including the Company's ability to continue to operate the EVBC Mines and/or the Don Mario Mine; the sale of the Company's Copperwood Project in Michigan; the Company's ability to acquire and develop mineral properties and to successfully integrate such acquisitions; the Company's ability to obtain financing when required on terms that are acceptable to the Company; challenges to the Company's interests in its property and mineral rights; current, pending and proposed legislative or regulatory developments or changes in political, social or economic conditions in the countries in which the Company operates; general economic conditions worldwide; and the risks identified in the Annual Disclosures under the heading "Risks and Uncertainties". This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and reference should also be made to the Company's Annual Disclosures for a description of additional risk factors.*

*Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions and, except as required by law, the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Readers are cautioned not to put undue reliance on forward-looking statements.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/174743--Orvana-Provides-Update-on-Closing-of-Copperwood-Sale-to-Highland-Copper.html>

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