

Banks Island Gold Ltd. Announces Update, Share Consolidation, and \$3M Equity Financing

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VANCOUVER, Dec. 1, 2015 -- [Banks Island Gold Ltd.](#) (TSX VENTURE:BOZ) (the "Company") announces an update, share consolidation and equity financing.

Project Update

The Company plans to recommence operations at its Yellow Giant Project subject to completing sufficient financing. The Company intends to implement the following plan in general:

1. Complete financing to reduce accounts payable and provide working capital.
2. Finance and acquire new additions to underground mining equipment fleet to increase productivity and development advance rates.
3. Complete sufficient mine development at the Tel Mine to provide steady mill feed for processing.
4. Commence processing of Tel mineralization as mill feed.
5. Process mineralization from the Disco Zone once permit amendment is issued.
6. Repayment of advance concentrate loan from revenues derived from processing of Tel and Disco mineralization.
7. Prepare and submit permit amendment application for Kim and Bob Zones at Yellow Giant.
8. Complete initial drill program at Homestake Ridge to determine if direct shipping and custom milling of mineralization at the Yellow Giant process plant is potentially economic.

The Tel Mine is fully permitted but is subject to a Shutdown Order issued by the BC Ministry of Mines.

In order to lift the Shutdown Order at the Tel Zone to recommence operations the Company "must demonstrate that they are able to operate according to the original approved Mines Act application and the conditions of Mines Act Permit M-241."

The Company has submitted a number of responses, plans, and reports to BC Ministry of Mines regarding the Tel Mine. The Company anticipates that it will be required to construct a ditch at the Tel process plant site and implement a number of policies and procedures.

A Mineral Lease application and permit amendment for the Discovery Zone has been submitted. The Discovery Mine is substantially complete and the permit amendment does not require any new area of disturbance or infrastructure. The Discovery mine is discussed in a news release dated October 27th 2015.

The Discovery Mine Permit Amendment involves the following;

1. Completion of an additional 110m of waste development. Waste rock will be used to complete permitted exploration drill roads under MX-1-862.
2. Underground blasting and haulage of 23,000t of ore from Discovery Mine to the Yellow Giant Process Plant.
3. Processing of Discovery Ore at the Yellow Giant process plant.
4. Disposal of 11,000t dry tailings from Discovery Zone in the Tel Mine under the existing Tailings Management plan. There is sufficient excess void capacity at Tel Mine for all tailings from the Discovery Zone.

The Company estimates the Tel Zone has a remaining Measured and Indicated mineral resource of 10,800oz gold (17,000t @19.8gpt Au) and an Inferred resource of 4,000oz gold (6,000t @ 21.8gpt Au), see Table 1. Portions of the resource that have been mined to date have been subtracted from the NI-43-101 Mineral Resource for Tel Zone completed in 2013.

Table 1 - TEL ZONE - Estimated Remaining Mineral Resource

Tel Zone	Measured & Indicated			Inferred		
	Tonnes	Au Grade (gpt)	Ag Grade (gpt)	Tonnes	Au Grade (gpt)	Ag Grade (gpt)
2013 Resource	36,000	19.6	42	8,000	20.6	40
Mined to Nov 2015	19,000	19.4	45	2,300	17.5	34
Remaining Resource at Nov 2015	17,000	19.8	39	5,700	21.8	42

The Company estimates the Disco Zone has a remaining Measured and Indicated mineral resource of 15,800oz gold (21,000t @23.1gpt Au) and an Inferred resource of 5,600oz gold (5,000t @ 32.5gpt Au), see Table 2. Portions of the resource that have been mined to date have been subtracted from the NI-43-101 Mineral Resource for Discovery Zone completed in 2013.

Table 2 - DISCOVERY ZONE - Estimated Remaining Mineral Resource

Disco Zone	Measured & Indicated			Inferred		
	Tonnes	Au Grade (gpt)	Ag Grade (gpt)	Tonnes	Au Grade (gpt)	Ag Grade (gpt)
2013 Resource	25,000	22.5	36	6,000	30.8	36
Mined to Nov 2015	3,700	19.4	36	600	15.4	32
Remaining Resource at Nov 2015	21,300	23.1	36	5,400	32.5	36

The mineral resources are stated at a 6gpt Au cut-off grade. Gold and silver grades are capped at the 98th percentile. Current NI43-101 Complaint Resource for Yellow Giant was calculated in February 2013 for [Banks Island Gold Ltd.](#) by R. Baldwin P.Eng. Portions of Mineral Resource mined to date have been subtracted from mineral resource (shown as at November 30th 2015). For details on the data verification and the key assumptions, parameters and methods used to calculate the mineral resource estimate, please see the Yellow Giant Technical Report, a copy of which was filed on SEDAR on February 6, 2013 and is available at www.sedar.com.

The Company is not basing its production decision on a feasibility study of mineral reserves with demonstrated economic and technical viability. [Banks Island Gold Ltd.](#) has decided to put the Property into production without first establishing mineral reserves supported by a NI43-101 compliant technical report and feasibility study. The Company cautions readers that such production may not be economically feasible and historically such projects have a much higher risk of economic or technical failure.

Share Consolidation

The Company advises it will be filing for and seeking approval of a consolidation of the Company's issued and outstanding share capital with the TSX Venture Exchange. The intended consolidation will be on a basis of one post-consolidation common share for every ten pre-consolidation common shares. This consolidation will reduce the issued and outstanding shares of the Company from 61,701,497 to approximately 6,170,150 shares, assuming no other change in the issued capital.

The Company's outstanding options and warrants will also be adjusted on the same basis (10 for 1) as the common shares, with proportionate adjustments being made to exercise prices.

Fractional common shares will not be issued, and no cash will be paid in lieu of fractional post consolidation common shares. The number of post-consolidation common shares to be received by a shareholder will be rounded down to the nearest whole common share.

The Board of Directors believes that the proposed share consolidation will better position the Company to raise the funds it requires to finance continuing business activities and to advance its mineral projects.

The Company's articles of incorporation authorize the board of directors to approve certain changes to the Company's capital structure, including the consolidation. As such, shareholder approval is not required.

The consolidation is subject to approval by the TSX Venture Exchange. The effective date of the

consolidation will be disclosed in a subsequent news release.

Equity Financing

The Company announces a non-brokered private placement offering (the "Offering") to sell up to 10,000,000 Common Shares at a price of \$0.30 per Common Share, on a post-consolidation basis, to raise gross proceeds of \$3,000,000. No share purchase warrants will be issued in the offering.

All proceeds from subscription to the financing will be held in trust until the Offering is fully subscribed for gross proceeds of \$3,000,000. If the Offering is not fully subscribed by the closing date any subscriptions received will be refunded to investors.

Closing of the Offering is anticipated to occur on or before December 31, 2015 and is subject to receipt of applicable regulatory approvals including approval of the TSX Venture Exchange.

The proceeds from the issue of the Common Share Units will be used to reduce accounts payable, complete the purchase of various production equipment, complete permit amendments applications for the Yellow Giant project, preparations of Yellow Giant towards restarting operations, and working capital purposes.

The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States.

The Company is a mining company focused on gold production, exploration, and development of mineral resources. The Company's mineral property is located in British Columbia. For more information, please refer to the Company's website at www.banksislandgold.com.

ON BEHALF OF THE BOARD OF DIRECTORS,

Benjamin W. Mossman, P.Eng
President, Director, & Chief Executive Officer

The TSX Venture Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release. Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking statements. All statements, other than statements of historical fact, constitute "forward-looking statements" and includes statements regarding our plans to restart operations as well as any other information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the receipt of required permits, changes in project parameters as plans continue to be refined, future prices of gold, as well as those factors discussed in the sections relating to risk factors of the Company in our Management Discussion and Analysis for the six month period ended August 31, 2015 as filed on SEDAR on October 30, 2015.

There can be no assurance that any forward-looking statements 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. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

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