

# Red Hut Metals Signs LOI for Rights to Gold-Bearing Claims in California

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VANCOUVER, Feb. 23, 2017 - [Red Hut Metals Inc.](#) (the "Company" or "Red Hut") (TSX VENTURE:ROB) announces that it has signed a Letter of Intent ("LOI") with each of Ray Merry and Ron Coombes of Maple Ridge, B.C. and 0999940 B.C. Ltd, (a private B.C. company owned by Merry) (collectively the "Assignors") whereby Red Hut will acquire by way of assignment all of the contractual interests held by the Assignors in various patented and located mineral claims (the "Property") with a history of gold mineralization in Western California, USA (the "Transaction").

## About the Property

The Property includes six parcels which have been fully patented and are owned in fee simple, and thirteen 20-acre mining claims on Bureau of Land Management and US Forest Service property (260 acres), which include several historic mines and a mill site. As additional ground is being added to the Property, details of the Property will be deferred until the land package is fully assembled.

## The Proposed Transaction

The Assignors have negotiated the general terms and provisions whereby they can earn a 50% joint venture interest in the Property, or alternatively buy a 100% interest in the Property. To earn a 50% interest in the Property requires the payment of US\$175,000 and incurring C\$2,000,000 of expenditures on the Property over the course of three years, as follows:

- payment of US\$25,000 on or before March 28, 2017;
- payment of US\$25,000 and incurring C\$250,000 of expenditures by March 28, 2018;
- payment of US\$100,000 and incurring an additional C\$750,000 of expenditures by March 28, 2019; and
- incurring an additional C\$1,000,000 of expenditures by March 28, 2020.

Having earned a 50% interest, a joint venture would be formed with the Property owner. Alternatively, a 100% interest in the Property can be acquired for US\$5,000,000, at any time, of which one-half can be paid in shares.

As consideration for the assignment, Red Hut will assume all obligations of the Assignors to the Property owner, and has agreed to pay the following to the Assignors:

a- Following regulatory approval, Red Hut will make a cash payment US\$25,000 and issue 1,500,000 Red Hut shares to 0999940 BC Ltd.;

b. After completing the recommended first year work program of at least C\$250,000, Red Hut will issue an additional 1,500,000 Red Hut shares to 0999940 BC Ltd.;

c. After completing the recommended second year work program of at least \$750,000, Red Hut will issue an additional 1,500,000 Red Hut shares to 0999940 BC Ltd.;

d. In the event that Red Hut elects to acquire the Property for US\$5 million, Red Hut will issue an additional 1,500,000 Red Hut shares to 0999940 BC Ltd.

In either event, the Property owner will retain a 2.5% net smelter returns royalty, of which 1.5% NSR can be acquired for US\$1,000,000 if the option to acquire a 100% interest in the Property is exercised.

The Transaction was negotiated at arm's length. The Transaction will constitute a reviewable transaction under the policies of the TSX Venture Exchange (the "Exchange") and as such, it will require approval of the Exchange. As no change of control will result, Red Hut will not be required to seek the approval of its

shareholders.

### **Private Placement**

In conjunction with the Transaction, Red Hut will undertake, subject to the acceptance of the Exchange, a private placement of at least \$1,200,000 in gross proceeds (the "Financing") through the issuance of at least 12 million units (the "Units") at a price of \$0.10 per Unit. Each Unit will be comprised of one common share and one-quarter of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to purchase one common share of Red Hut at a price of \$0.25 per share for a period of one year. Red Hut expects to pay finders' fees of not more than 7% (payable in Red Hut shares), and 7% finder's warrants (with terms similar to the Warrants).

The funds will be used to meet the cash requirements of the Transaction and to undertake the recommended work program for the Property.

### **Certain Conditions to Transaction**

The completion of the Transaction will be subject to the satisfaction of certain conditions, including:

- Red Hut completing the Financing; and
- Receipt of Exchange approval of the Transaction and the Financing.

### **Other Matters**

Subject to regulatory approval, a finder's fee of 5% of the value of the Transaction is payable to Mackie Research Capital Corporation of Vancouver, B.C. in the form of Red Hut Shares.

This news release does not constitute an offer of sale of any of the foregoing securities in the United States. None of the foregoing securities have been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act") or any applicable state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) or persons in the United States absent registration or an applicable exemption from such registration requirements. This news release does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the foregoing securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

### **ON BEHALF OF THE BOARD**

Robert Eadie  
President, Chief Executive Officer and Director

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:** *This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to: the terms and conditions of the proposed Transaction; the terms and conditions of the proposed Financing; future work to be carried on the Property; use of funds; and the business and operations of Red Hut after the proposed transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. There is no assurance any of the forward-looking statements will be completed as described herein, or at all. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; operating and technical difficulties in connection with mineral exploration and development activities, lack of investor interest in the Financing; requirements for additional capital; future prices of gold and precious metals; changes in general economic conditions; accidents, delays or the failure to receive board, shareholder or regulatory approvals, including the required permits; results of current exploration and testing; changes in laws, regulations and policies affecting mining operations; and title disputes. There can be no assurance that such statements 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 statements. Red Hut disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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