

Peregrine Diamonds Ltd. Announces \$10.28 Million Rights Offering

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- Standby Purchase Agreement for \$10.0 Million - Chidliak Project Update - Conference Call Monday, July 10, 2017 at 2:00 Pm Pacific Time

VANCOUVER, July 10, 2017 - [Peregrine Diamonds Ltd.](#) (TSX:PGD) ("Peregrine" or the "Company") is pleased to announce that it will be offering rights (the "Offering") to holders of its common shares of record at the close of business on July 17, 2017 (the "Record Date"), expiring August 15, 2017 ("Expiry Date"). The Offering will be made in all of the provinces of Canada and in such other jurisdictions where the Company is eligible to make such Offering. All of Peregrine's executive officers and directors intend to fully participate in the Offering.

Shareholders of record on July 17, 2017 will receive one right (a "Right") for each common share held. Three and three-tenths (3.3) Rights will entitle the holder to purchase one common share of the Company ("Common Shares") at a price of \$0.10 per Common Share. Exercise of the Rights and purchase of the Common Shares must be completed by 2:00 p.m. (Vancouver time) on the Expiry Date. Shareholders who fully exercise their Rights are entitled to subscribe pro rata for additional Common Shares, if available, that were not subscribed for initially on or before the Expiry Date. A fully subscribed Offering will raise gross proceeds of \$10.28 million, of which \$10 million is backstopped by way of a standby purchase agreement. The proceeds of the Offering will be used to complete the remainder of the 2017 Chidliak Diamond Resource Expansion Program and for general corporate purposes and working capital.

Mr. Eric Friedland (Peregrine's Executive Chairman), Newstar Securities Investments Ltd., a company 100% indirectly owned and controlled by Mr. Robert Friedland ("Newstar"), and Exploration Capital Partners 2005 Limited Partnership ("Exploration Capital", a limited partnership managed by Resource Capital Investment Corp. which is 100% owned by Sprott Inc.) (collectively, the "Standby Purchasers") have entered into a standby purchase agreement ("the Standby Agreement") with Peregrine pursuant to which the Standby Purchasers severally agreed to collectively purchase up to 55,901,656 of the Common Shares that are not otherwise purchased under the Offering, of which Exploration Capital has agreed to purchase up to 50,000,000 of the Common Shares. In addition to this undertaking, Mr. Eric Friedland, who owns or controls 59,615,545 Common Shares (representing 17.57% of the issued and outstanding Common Shares) and Newstar, which owns or controls 85,908,993 Common Shares (representing 25.32% of the issued and outstanding Common Shares) have each committed to exercise all of their Rights under the Offering.

The Common Shares of the Company are expected to commence trading on the TSX on an ex-Rights basis at the opening of business on July 13, 2017, meaning that Common Shares purchased on, or following that date will not be entitled to receive the Rights under this Offering. At that time, the Rights are expected to be posted for trading on the TSX on a "when issued" basis and will thereafter trade under the symbol "PGD.RT". Trading of the Rights is expected to continue until 9:00 a.m. (Vancouver time) on the Expiry Date.

A Rights Offering Notice together with Rights certificates will be mailed to eligible shareholders on or about July 24, 2017. Registered shareholders wishing to exercise their Rights must forward the completed Rights certificates, along with the applicable funds to Computershare Investor Services Inc. by the Expiry Date. Shareholders who own their shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

A copy of the Rights Offering Circular dated July 10, 2017 can be obtained from Peregrine's profile on the SEDAR website at www.sedar.com, the Company's website at www.pdiam.com, from your dealer representative, or by contacting the Assistant Corporate Secretary John Kim at 604-331-9816 or by email at john@pdiam.com.

NO U.S. REGISTRATION

This news release does not constitute an offer to sell, or the solicitation of an offer to buy securities in any

jurisdiction in which such offer or solicitation would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

The securities offered under the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S of the Securities Act) or a person in the United States, unless an exemption from such registration requirements is available. Certain accredited investors in the United States will be permitted to participate in the Offering on a private placement basis upon satisfying the Company that they qualify for an exemption from the registration requirements of the Securities Act and any applicable securities laws of any state of the United States.

CHIDLIAK UPDATE

The 2017 work program at Chidliak is focusing on three main objectives:

- Expansion of the current Inferred Resource at CH-6 - through approximately 7,500 metres of diamond core drilling to further demonstrate geological continuity, establish pipe margin pierce-points and obtain spatially representative kimberlite samples for caustic fusion diamond analysis. The main objective is to increase the depth of a categorized resource from 260 metres to 500 metres. Caustic fusion diamond results will be used to model diamond grade and grade distribution of the kimberlite to a depth of 500 metres.
- Refine open-pit geotechnical design parameters - as part of the 2017 drilling program approximately 1,000 metres of oriented HQ-diameter core and other geotechnical data required to refine the open-pit parameters, particularly the pit slope angles, will be acquired. This data will enable assumptions regarding open-pit design to be tested and further refined.
- Advancing permitting - through continued environmental monitoring programs of the Chidliak project area and the proposed transportation corridor.

Mobilization of personnel and equipment commenced on June 25, 2017 and as of July 3, 2017 Discovery Camp was fully operational. The drilling crew from Lantech Drilling Services Inc. has arrived and drilling has commenced. The first hole, CHI-050-17-DD32, which is currently at 99 metres depth, is an N.Q. diameter diamond drill hole and is planned for a total length of 575 metres at an angle of 68 degrees. The hole is designed to intersect the CH-6 kimberlite at a downhole depth of 375 metres, in kimberlite that is currently considered Target for Further Exploration ("TFFE") (see below under "About Peregrine Diamonds"). Caustic fusion diamond analysis will be completed on the kimberlite intersected.

The second hole, CHI-050-17-DD33, which is currently setting casing, is an H.Q. diameter diamond drill hole and is planned for a total length of 480 metres at an angle of 60 degrees. This hole is primarily designed to provide additional geotechnical parameters to support future open pit design and engineering work. The hole is designed to intersect the CH-6 kimberlite at a downhole depth of 320 metres. Caustic fusion diamond analysis will be completed on the kimberlite intersected.

CONFERENCE CALL WITH PEREGRINE DIAMONDS' SENIOR MANAGEMENT ON JULY 10, 2017 AT 2 PM PACIFIC / 5 PM EASTERN TIME

Peregrine's senior management team will host a conference call on Monday, July 10, 2017 at 2:00 PM Pacific Time (5:00 PM Eastern Time). The conference call may be accessed by dialing +1-416-340-2216 or 1-800-273-9672 in Canada. Callers outside of North America may refer to <https://www.conf solutions.ca/ILT?oss=1P1R8002739672> for their country-specific toll-free dial-in number.

QUALIFIED PERSONS

Dr. Herman Grütter, Peregrine's Vice President, Technical Services, is a Qualified Person and is responsible for the design of the Diamond Resource Expansion Program at Chidliak. Mr. Alan O'Connor, Peregrine's Program Manager, Chidliak Resource Evaluation, is a Qualified Person and is responsible for the design and

conduct of field programs at Chidliak. Dr. Jennifer Pell, Peregrine's Chief Geologist, is a Qualified Person and is responsible for geological characterization and microdiamond sampling of core drilled at Chidliak.

Dr. Grütter, Mr. O'Connor and Dr. Pell have reviewed this release and approve of its contents.

ABOUT SPROTT INC.

Sprott is an alternative asset manager and a global leader in precious metal and real asset investments. Through its subsidiaries in Canada, the US and Asia, the company is dedicated to providing investors with best-in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. Sprott also operates Merchant Banking and Brokerage businesses in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad and Vancouver.

ABOUT PEREGRINE DIAMONDS

Peregrine Diamonds is a TSX-listed diamond exploration and development company with assets located in northern Canada and Botswana.

Peregrine's core asset is its' 100 percent-owned, 413,000-hectare Chidliak Project, located 120 kilometres from Iqaluit, the capital of Nunavut where 71 kimberlites have been discovered to date with eight being potentially economic. A Preliminary Economic Assessment ("PEA") of a Phase 1 Diamond Development ("CP1D") has been completed. The PEA highlights that the CP1D represents a robust, high margin, ten-year, open-pit mining project with very attractive economics, including after tax NPV of C\$471M, IRR of 29.8% and a two year payback. An Inferred Mineral Resource of 11.39 million carats in 4.64 million tonnes of kimberlite at an average grade of 2.45 carats per tonne has been defined for a portion of the CH-6 kimberlite. In addition, a Target for Further Exploration ("TFFE") of 2.34 to 3.75 million tonnes of kimberlite to a depth of 380 metres below surface has been identified at CH-6. An independent diamond valuation by WWW International Diamond Consultants, of a 1,013 carat parcel of diamonds from CH-6 returned an average market price of US\$213 per carat and modeled prices that range from a minimum of US\$162 per carat to a high of US\$236 per carat, with a base model price of US\$188 per carat (all using the February 24, 2014 price book). An Inferred Mineral Resource of 4.23 million carats in 4.99 million tonnes of kimberlite at an average grade of 0.85 carats per tonne has been defined for a portion of the CH-7 kimberlite. In addition, TFFE of 0.90 to 2.36 million tonnes for a depth range of 240-320 metres has been estimated for the CH-7 kimberlite. An independent diamond valuation by WWW International Diamond Consultants, of a 735.75 carat parcel of diamonds from CH-7 returned an average market price of US\$100 per carat and modelled prices that ranged from a minimum of US\$94 per carat to a high of US\$155 per carat, with a base model price of US\$114 per carat (all using the February 1, 2016 price book). A TFFE of 1.27 to 3.19 million tonnes to 250 metres depth has been estimated for the CH-44 kimberlite pipe.

Additional details of the Chidliak 2016 PEA are available in a National Instrument ("NI") 43-101 technical report titled "Preliminary Economic Assessment Technical Report on the Chidliak Project, Nunavut, Canada" and dated effective July 7, 2016, available on SEDAR and the Company's website.

The Chidliak 2016 PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized.

The TFFEs identified above are conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain whether further exploration will result in any of these tonnages being delineated as Mineral Resources.

Peregrine holds eleven diamond prospecting licences in Botswana that cover 661,330 hectares.

Peregrine also controls the 8,493-hectare Lac de Gras Project in the Northwest Territories, located approximately 27 kilometres from the Diavik Diamond Mine. The nine-hectare 72.1%-owned DO-27 kimberlite, located at Lac de Gras, hosts an Indicated Mineral Resource of 18.2 million carats of diamonds in

19.5 million tonnes of kimberlite at a grade of 0.94 carats per tonne and it is open at depth.

For information on data verification, exploration information and resource estimation procedures see the NI 43-101 technical reports entitled "Mineral Resource Estimate for the Chidliak Project, Baffin Island, Nunavut" and dated effective June 3, 2016 and "[Peregrine Diamonds Ltd.](#) DO-27 Diamond Project Northwest Territories, Canada NI 43-101 Technical Report" dated August 7, 2008 which are available on SEDAR and the Company's website.

For further information, please visit www.pdiam.com.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, statements relating to the Offering, proposed exploration and development programs, funding availability, anticipated exploration results, grade of diamonds and tonnage of material, resource estimates, anticipated diamond valuations and future exploration and operating plans are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company.

Forward-looking statements are made based upon certain assumptions by the Company and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding successful completion of the Offering, present and future business strategies and the environment in which the Company will operate in the future, including the price of diamonds, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements include, but are not limited to: receipt of regulatory approvals; anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process; market prices for rough diamonds and the potential impact on the Chidliak Project; and future exploration plans and objectives.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to completion of the Offering, availability and cost of funds, timing and content of work programs, results of exploration activities, interpretation of drilling results and other geological data, risks relating to variations in the diamond grade and kimberlite lithologies; variations in rates of recovery and breakage; variations in diamond valuations and future diamond prices; the state of world diamond markets, reliability of mineral property titles, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, operational and infrastructure risk and other risks involved in the diamond exploration and development business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty.

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Contact

[Peregrine Diamonds Ltd.](#)

Mr. Eric Friedland, Executive Chairman

[Peregrine Diamonds Ltd.](#)

Mr. Tom Peregoodoff, President and CEO

[Peregrine Diamonds Ltd.](#)

Dr. Herman Gr  tter, Vice President, Technical Services

[Peregrine Diamonds Ltd.](#)

Investor Relations

604-408-8880

investorrelations@pdiam.com

www.pdiam.com

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