

Magna Gold Corp. Provides Update to Proposed Qualifying Transaction and Announces Concurrent Financing

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TORONTO, Feb. 11, 2019 - [Magna Gold Corp.](#) (TSXV: MGR.P) ("Magna" or the "Corporation"), wishes to provide an update on its previous announcement regarding the arm's length option agreement (the "Agreement") dated September 25, 2018 (the "Effective Date") with Beatriz Delia Yepiz Fong (the "Seller"), an individual resident in the Sonora State of Mexico. The Corporation is also pleased to announce a proposed non-brokered concurrent private placement financing (the "Concurrent Financing") for gross proceeds of up to CAD\$3,200,000, comprised of common shares ("Common Shares") in the capital of the Corporation, sold a price of CAD \$0.32 per Common Share.

Pursuant to the Agreement, the Corporation will acquire from the Seller an option ("Option") to acquire a 100% undivided interest (the "Proposed Transaction") in two mining claims (the "Mercedes Property") located in the municipality of Yecora, Sonora, Mexico, for a four-year period. The Property consists of two contiguous claims covering an aggregate area of approximately 345 hectares is located approximately 250 kilometers east-southeast along the Federal Highway 16 from the state capital, Hermosillo.

In consideration of the grant of the Option, Magna will: (i) pay to the Seller an aggregate of US\$1,340,000 plus VAT of 16%, paid in installments commencing on the 6th month from the Effective Date and ending on the 48th month from the Effective Date; (ii) issue to the Seller a 3% net smelter returns ("NSR"), capped at US\$3,500,000 and subject to the right of the Corporation to acquire all 3 percentage points of the NSR at a price of US\$500,000 per percentage point, within the first three (3) years of commercial production of the Mercedes Property; and (iii) conditional on the completion of a going public transaction within six months of the Effective Date, issue 2,442,105 common shares ("Common Shares") of the Corporation to the Seller. On the Effective Date, the Discounted Market Price of the Common Shares was CAD\$0.30 per Common Share. The Agreement is subject to regulatory approval.

Magna is a Capital Pool Company ("CPC") and intends the Proposed Transaction to constitute its Qualifying Transaction under the policies of the TSX Venture Exchange (the "Exchange"). Pursuant to the announcement of the Proposed Transaction on October 11, 2018, trading of the Corporation's Common Shares have been, and remain, voluntarily halted, pending submission of updated documentation to the Exchange in connection with the Proposed Transaction. Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, Exchange acceptance. The Proposed Transaction does not constitute a Non-Arm's Length Qualifying Transaction under Exchange policies, and as such, shareholder approval is not expected to be required in connection with the Transaction. The Corporation is in the process of preparing the necessary documentation, including the filing statement relating to the Proposed Transaction and supporting documents. Magna advises that the Proposed Transaction is proceeding, however trading of the Common Shares will remain halted until either completion of the Proposed Transaction, or such time as the Exchange may determine, having regard to the completion of certain requirements pursuant to Exchange Policy 2.4 – Capital Pool Companies ("Policy 2.4").

Following completion of the Proposed Transaction, it is anticipated that the Corporation will be listed on the Exchange as a Tier 2 mining issuer.

Pursuant to the Policy, Sponsorship of a Qualifying Transaction of a capital pool company is required by the Policy, unless an exemption is obtained. The Corporation has applied for a waiver to the sponsorship requirement. There is no assurance that an exemption will be granted.

Concurrent Financing

Each Common Share will be sold for CAD\$0.32 per Common Share. The Common Shares issued pursuant to the Concurrent Financing will be subject to a hold period of four months and one day after closing. The Concurrent Financing is subject to the receipt of all necessary regulatory approvals, including final acceptance of the Exchange. Commissions in respect of certain subscriptions may be paid in accordance with Exchange policy.

Proceeds of the private placement will be used for on exploration activities on the Mercedes Property located

in Sonora State, Mexico, and for working capital purposes.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, or applicable state securities laws, and may not be offered or sold to persons in the United States absent registration or an exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The participation in the Concurrent Financing by Colin Sutherland constitutes a "related party transaction" as defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), requiring the Corporation, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of, the "related party transaction". It is anticipated that Mr. Sutherland will purchase approximately 312,500 Common Shares in connection with the Concurrent Financing, representing approximately 0.84% of the Corporation's issued and outstanding Common Shares on completion of the Concurrent Financing. The Corporation is relying on an exemption from the formal valuation and minority shareholder approval requirements set out in MI 61-101 as the fair market value of the participation in the Concurrent Financing of Mr. Sutherland does not exceed 25% of the market capitalization of the Corporation, as determined in accordance with MI 61-101.

Mercedes Property

Mercedes is an exploration property located within the Sierra Madre Occidental province (Figure 1), a historically productive, regionally extensive Tertiary volcanic field which stretches from the United States/Mexico border to Central Mexico. Previous work at the La Lamosa area, one of the mineralized targets within the mining concessions, reports disseminated gold mineralization hosted within an andesitic and rhyodacitic volcanic complex intruded by a quartz-feldspar porphyry (QFP). Gold and silver are target commodities sought at Mercedes and the property exhibits textures and alteration consistent with high sulphidation epithermal mineralization, typical of important discoveries in the region.

The project is located 43 km from Alamos Gold 3 Moz Mulatos Gold Mine, 40 km from Agnico's 1 Moz La India Gold Mine, and adjacent to Minera Alamos' Santana and Santa Rosa projects. Infrastructure and support services are available to the project; paved Federal Highway 16 passes through the western portion of the claims. Electricity, mail, phone services and accommodation are available at the nearby villages of Yecora and Santana. An electrical line (C.F.E.) passes through the property as it parallels the paved highway.

A photo accompanying this announcement is available at
<http://www.globenewswire.com/NewsRoom/AttachmentNg/9647586a-cc70-42fc-a099-3442e9a51d48>

Mercedes is located toward the western edge of the mineral province and is predominantly underlain by intrusive rocks, granodiorite-monzonite plutonic rocks and quartz feldspar porphyry dykes and stocks exposed by erosion of intermediate and felsic volcanic packages of the lower and upper volcanic sequences.

The thick volcanic sequences are characteristic of the region and form much of the Sierra Madre Occidental. Outcrop in key areas of the property are strongly altered, brecciated intrusives and some propylitically altered volcanics. Zoned assemblages of silica, vuggy silica, phyllic, argillic and distal propylitic alteration are recognized. The main prospect area "La Lamosa" is a prominent, highly oxidized red ridge, visible from the highway (see figure 2). At least two additional early stage targets have been identified within the claim boundaries.

A photo accompanying this announcement is available at
<http://www.globenewswire.com/NewsRoom/AttachmentNg/e51de37d-f8db-4b7d-89f5-19a2f5c4d602>

In addition to a small artisanal shaft developed on a thin quartz vein in the southeast of the property, previous exploration work includes two phases of drilling and extensive surface sampling by other explorers. In 1996 Compania Minera Fernanda SA de CV completed 15 Reverse Circulation holes for a total of 1018m and in 2008 Norma Mines SA de CV drilled 10 diamond drill holes for a total of 1133m. Both drill programs tested the La Lamosa area. Records for the RC drilling are incomplete though reference to the results indicate continuous, consistent gold and silver intercepts from beneath the alteration zone on the ridge. Diamond drilling conducted later by Norma mines did confirm the presence of broad anomalous grades but did not quite replicate the tenor of those previously reported. Gold occurs in oxide, mixed oxide/sulphide, and sulphide reported in previous drilling with pyrite being the primary sulphide mineral along with minor amounts of enargite. Selected drill mineralized intercepts are shown in Table 1:

Table 1

Summary of 2008 diamond drill hole program as reported by Norma Mines SA de CV:

HOLE	From (m)	To (m)	Interval (m)	True Width	Au (ppm)	Ag (ppm)	Prospect		
08MER001	0	0	144	144	144	*	0.49	12.4	La Lamos
incl	0	32	32				0.86	8.2	
incl	51	144	93				0.44	16.0	
08MER002	0	113	113		113	*	0.37	11.6	La Lamos
incl	26	27	1				3.32	28.6	
incl	110	113	3		25*		1.17	20.2	
08MER003	0	57	57		57		1.15	13.5	La Lamosa
incl	11	24	13				1.22	20.5	
incl	34	35	1				16.02	53.6	
incl	35	36	1				7.67	42.8	
incl	41	42	1				4.52	21	
08MER004	60	61.5			1.5	*	0.05	121.5	La La
08MER005	25.5	28.5			3	*	0.005	84.7	La La
08MER006	no	significant				intervals			

**The 2008 drilling intercepted broad zones of highly anomalous Au and Ag grades, though it is important to note that the orientation of said holes did not adequately test the mineralization bounding contacts. For example, holes 08MER001 and 08MER002 were drilled approximately down-dip on the structure and a true width of mineralization is very difficult to measure or estimate. Hole 08MER003 was drilled northward, still oblique to the zone but may be roughly estimated to have crossed a mineralized zone up to 25m in true thickness.*

Over the course of the years several Companies have carried out rock geochemistry work on the property. Obtained reports show strong oxidation in the form of hematite/limonite/jarosite staining and strong silica, vuggy silica and argillic alteration. Figure 3 and Table 2 below show the latest NI 43101 Technical Report data verification sampling.

A photo accompanying this announcement is available at
<http://www.globenewswire.com/NewsRoom/AttachmentNg/72403185-412a-4759-9f4d-49b6b4db622f>

Table 2

Assay Results from Chips Rock Sampling on Surface at Mercedes Property. Dale Brittliffe P. Geo. October 2010:

Sample No.	E Nad27	z12 Mex.	N Nad27	z12 Mex.	Description	Au ppb	Ag ppm	Cu
					ppm Pb			
					ppm Zn ppm			
986063	687684	3142756	Chip sample - 1m - quartz breccia, historical		diggings, in clay rich, silica altered			
			structure above collapsed workings	821	40.8	21.1	619.7	15
986064	687724	3142667	Float, vein material, Quartz, malachite, azurite, PbS, vein fragments	-0.2m	diam.			
				185	100.0	>10,000	28.7	358
986065	687715	3143656	Chip, 5m composite - Outcrop near YRC-5, intrusive breccia, sil-clay alt, FeOx, jarosite	179	1.0	118.5	140.0	49
986066	687685	3143623	Chip, 10m composite - intrusive breccia, sil-clay alt, FeOx, jarosite, 340/40E slickenside, 648	2.3	83.2	158.0	6	
986067	687578	3143521	Chip sample 8m composite, intrusive breccia. sil-clay alt, FeOx, jarosite	1375	5.9	23.4	493.0	5
986068	687571	3143523	Chip sample, 8m composite, intrusive breccia (, sil-clay alt, FeOx, jarosite	475	5.6			
				8.1	298.6	3		
986069	687565	3143529	Chip Sample, 10m composite, Intrusive breccia, sil-clay alt, FeOx, jarosite	561	17.5			
				18.8	416.2	3		
986070	687614	3143526	Chip sample, 6m - Intrusive breccia, sil-clay alt, FeOx, jarosite, as intersected in hole MER-08- 03	1634	14.6	14.1	786.1	3
986071	687602	3143521	Chip Sample 6m - Intrusive breccia, sil-clay alt, FeOx, jarosite, intersected in hole MER-08-03	549	8.8	12.4	603.9	3
986072	687632	3143548	Chip sample 1.2m, intrusive breccia - "vuggy silica" sil-clay alt, FeOx, very strong jarosite- hem, boxwork, possibly intersected in hole MER-08-03	2072	57.7	45.8	6921.9	13
986073	687653	3143563	Chip sample 3m, Intrusive breccia, dark greysil-clay alt, FeOx, jarosite, boxwork,					

probably not intersected in hole MER-08-03 94 3.7 61.1 513.5 4
986074 687663 3143548 Chip 0.7m, Quartz-tourmaline breccia, sil-clay alt, FeOx, jarosite, 95%
qtz-tourmaline & 5% FeOx, probably not intersected in hole MER-08-003 195 8.2 85.0 >10,000 9
986075 687674 3143608 Chip sample 2m - Intrusive breccia, sil-clay alt, FeOx, sample taken sub-parallel to
the maintrend & true sample width is 1m 136 4.0 22.7 395.5 2
986076 687847 3143760 Grab - Quartz-tourmaline vein 51 0.5 14.0 824.5 3
986077 687781 3143818 Grab - Quartz-tourmaline-sericite vein (or intrusive) 12 0.2 35.4 38.6 10
986078 687742 3143696 Grab - Quartz-tourmaline vein 44 0.7 22.2 2193.1 3

A mineral exploration program is being designed to both evaluate the property and determine the grade and extent of La Lamosa area. The program will consist of diamond drilling, property wide geological mapping and prospecting including collection of chip samples and soil sampling. The exploration will be designed to evaluate La Lamosa and identify additional analogous zones.

All technical information in this press release has been reviewed and approved by Dale Brittliffe, P.Geo., an independent consultant to the Corporation and a "Qualified Person" under National Instrument 43-101.

Management of the Resulting Issuer

Subject to the approval of the TSX Venture Exchange, upon completion of the Proposed Transaction, it is currently anticipated that the board of directors of the Corporation will consist of three individuals who are currently directors of the Corporation, biographies of whom are set below: Arturo Bonillas Zepeda, Alexander Tsakumis, and Colin Sutherland. Upon completion of the Qualifying Transaction, Carmelo Marrelli will be appointed as the Chief Financial Officer of the Corporation. As previously announced on October 11, 2018, Miguel Angel Soto y Bedolla has been appointed as the Vice President of Exploration of the Corporation. Other than the foregoing officers and directors, it is anticipated that there will be no additional insiders of the Corporation upon completion of the Proposed Transaction.

Francisco Arturo Bonillas Zepeda – Chief Executive Officer, Secretary and Director

Mr. Bonillas is a Mexican citizen and has over 35 years of experience in Mexican mining and exploration. He is currently Chairman of the Advisory Board of Discovery Metals, a Mexican-focused base metals exploration company whose securities are listed on the TSX, and Director of Telson Mining Corporation (formerly Telson Resources Inc.) whose securities trade on the TSXV. He is the former President and co-founder of Alio Gold Inc., formerly Timmins Gold Corp. ("Alio"). During his 10- year tenure with Timmins, he oversaw its transition from exploration and development to mid-tier gold producer, and guided it to several years of positive reserve and resource growth, throughput and production.

Alexander Peter Tsakumis – Director

Mr. Tsakumis has over twenty-five years of investment experience with private and public companies. Most recently, Mr. Tsakumis was the Vice President of Corporate Development at Alio Gold Inc. for nine years, where he played a pivotal role in the development of the corporation from a junior exploration to a production company. He has also acted as Director and Vice President of Corporate Development for various publicly traded companies, one of which has its securities traded on the New York Stock Exchange, for over 10 years.

Colin Sutherland – Director

Mr. Sutherland, a Chartered Professional Accountant since 1997, is currently a Director and Chief Financial Officer of NQ Minerals Plc. Prior to this, Mr. Sutherland served as President of McEwen Mining Inc., a mining company dual listed on the Toronto Stock Exchange and the New York Stock Exchange. Mr. Sutherland also served as Managing Director and Chief Executive Officer of Archipelago Resources Plc, from March 2012 to December 2015 which was privatized in 2015 for US\$430 million. Mr. Sutherland has also held senior financial and executive roles with Timmins Gold Corp., Capital Gold Corporation, Nayarit Gold Inc. and Aurico Gold Inc.

Carmelo Marrelli – Chief Financial Officer

Mr. Marrelli is the principal of Marrelli Support Services Inc., a firm that has delivered accounting and regulatory compliance services to listed companies on various exchanges for over twenty years. In addition,

Mr. Marrelli also controls DSA Corporate Services Inc., a firm providing corporate secretarial and regulatory filing services. He is a Chartered Professional Accountant (CPA, CA, CGA), and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He has a Bachelor of Commerce degree from the University of Toronto.

Miguel Angel Soto y Bedolla – Vice President of Exploration

Mr. Soto is a Mexican citizen and has over 40 years of experience in the Mexican mining and exploration industry. He has over 25 years of experience as a senior executive of several exploration companies, and is widely recognized as one of the top mining professionals in the country. He was a co-founder of Timmins Gold Corp, with whom he played an important role in the transition of the company from exploration to an operating company. During that time, led the four-fold increase of San Francisco's gold resource from 611 Koz to 2.4 Moz.. Mr. Soto is an active member of the Society of Economic Geologists.

For more information, please contact Francisco Arturo Bonillas Zepeda, the Chief Executive Officer, Chief Financial Officer, Corporate Secretary and a director of the Corporation.

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Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

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", which involves known and unknown risks, and are 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. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive shareholder or regulatory approvals; and the results of continued business development, marketing and sales. 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 of this news release should not place undue reliance on forward-looking statements.*

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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