Chalice sells its Quebec gold projects for C$12 million in shares and retains a royalty

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Sale of East Cadillac and Kinebik Gold Projects in Quebec for shares plus royalty allows Chalice to maintain upside exposure to the Val-d'Or district and focus on Australian opportunities

Highlights

- Chalice executes binding agreement to sell its East Cadillac and Kinebik Gold Projects in Quebec to Chantrell Ventures Corp. (to be renamed "O3 Mining Inc.").
- O3 Mining is a new Osisko Mining Inc. (TSX: OSK) led venture, with a portfolio of resource stage gold projects and significant exploration potential in the Val-d'Or district.
- O3 Mining set to be well capitalised with C$28-30 million in cash and liquid investments, and well supported by highly regarded Osisko Mining Inc.
- Consideration includes C$12 million in common shares of O3 Mining, plus a 1.0% NSR royalty retained on all Chalice owned claims in Quebec without a pre-existing royalty.
- Chalice to also receive additional cash consideration for existing tax credits upon receipt from Canadian tax authorities totalling ~C$1.3 million, expected to be received by the end of 2019.
- Completion anticipated to occur in early Q3 2019.
- Shares and royalty consideration allows Chalice to maintain upside exposure to the Val-d'Or gold district and to focus on its high profile portfolio of opportunities in Australia.
- Chalice's strong financial position (~A$22.8 million or ~A$0.09 per share in working capital at March 31, 2019) allows large-scale and comprehensive exploration programs to continue at its Pyramid Hill Gold Project in Victoria and King Leopold Nickel Project in WA.

PERTH, Western Australia, July 2, 2019 - Chalice Gold Mines Limited ("Chalice" or "the Company") (ASX: CHN | TSX: CXN) is pleased to announce that it has entered into a binding share purchase agreement ("SPA") with Chantrell Ventures Corp. ("Chantrell" NEX: CV.H), whereby Chantrell will purchase Chalice's wholly owned subsidiary Chalice Gold Mines (Quebec) Inc. ("CGMQ").

CGMQ is the registered holder of the East Cadillac and Kinebik Gold Projects in Quebec, Canada. CGMQ also holds the underlying Option Agreements on the East Cadillac Gold Project with Globex Mining Enterprises Inc. (TSX: GMX) and Renforth Resources Inc. (CSE: RFR).

Chantrell has entered into a definitive agreement to acquire certain non-core assets of Osisko Mining Inc. ("Osisko Mining" TSX: OSK) ("Osisko Transaction") and has undertaken a private placement of subscription receipts to raise approximately C$18 million ("Placement").

On completion of the Osisko Transaction (expected in early July 2019), Chantrell will be renamed "O3 Mining Inc." ("O3 Mining"). Completion of the Osisko Transaction and release from escrow of the net proceeds of the Placement is a condition precedent to completion of the SPA with Chalice.

Chalice's Managing Director Alex Dorsch said: "The deal announced today to sell our Quebec gold projects to the Osisko group is a great result for shareholders and is a logical next step to build on our exploration and consolidation effort to date in the Val-d'Or district."

"Osisko is one of the most recognised names in the Quebec gold industry, led by a highly regarded team with a track record of success in the Abitibi gold province. To be involved in Osisko's new O3 Mining venture is a great opportunity for shareholders. O3 Mining will be well capitalised and hold a substantial portfolio of high potential gold assets, with a focus on the Val-d'Or gold district in Quebec."

"The C$12 million in share consideration effectively reimburses Chalice for our net expenditure (after tax

credits) on the two projects since inception and we are positioned well to benefit from future advancements of the combined O3 portfolio through our equity ownership and royalty interest."

"Chalice has demonstrated sound commercial and technical acumen in successfully consolidating a district-scale holding and conducting high quality regional greenfield exploration. We look forward to O3 Mining's highly regarded local team unlocking further upside on the projects through exploration."

"The sale will further enhance the Company's strong balance sheet and will enable Chalice to focus on its high-profile Australian exploration opportunities at the Pyramid Hill Gold Project in Victoria and the King Leopold Nickel Project in the Kimberley."

Key Terms

Under the SPA, Chalice will sell all outstanding shares in its wholly owned subsidiary CGMQ, to O3 Mining. Chalice will receive 3,092,784 common shares of O3 Mining, at a deemed value of C$3.88 per common share, for a total of C$12 million in consideration.

In accordance with the restrictions under Canadian securities laws and subject to certain exceptions, Chalice will be restricted from trading these shares for a period of four months from the date of issuance. Following closing of the transaction, Chalice expects to hold approximately 7% of the issued shares of O3 Mining, while Osisko Mining is expected to hold approximately 59%.

In addition, Chalice will retain a 1.0% NSR royalty on all 100% owned claims on both projects that are not subject to a pre-existing royalty (577 claims).

CGMQ currently has approximately C$1.3 million in tax credits in its accounts receivable and, under the SPA, O3 Mining will reimburse Chalice any amounts received in cash upon receipt (expected in late 2019), provided that such amounts are received from Canadian tax authorities within 2 years of closing.

Completion under the SPA remains subject to the satisfaction (or where permitted, waiver) of a number of conditions precedent, including:

- Completion of the Osisko Transaction and the release from escrow of the net proceeds of the Placement;
- Receipt of all necessary authorisations, approvals and consents required by both parties (which may include shareholder approval by Chalice in accordance with ASX Listing Rule 11.4, if required);
- No material adverse change occurring with respect to CGMQ; and
- Additional customary conditions precedent regarding representations and warranties remaining true and correct and no restriction on completion as a result of any legal requirement, judgement or litigation.

The conditions precedent must be satisfied (or where permitted, waived) by no later than end September 2019. Completion is anticipated to occur in early Q3 2019.

Alex Dorsch
Managing Director

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About Osisko Mining Inc.
Osisko Mining is a leading Canadian gold exploration and development company based in Quebec, Canada. Osisko Mining holds a 100% interest in the high-grade Windfall Lake gold deposit located between Val-d'Or and Chibougamau in Québec and holds a 100% undivided interest in a large area of claims in the surrounding Urban Barry area and nearby Quévillon area (over 3,500 square kilometres). The company

currently has a market capitalisation of ~C$880 million.

About the East Cadillac Gold Project, Quebec
The East Cadillac Gold Project covers an area of 293km^2 and is located ~35km east of the >20Moz Val-d'Or gold camp in Quebec, Canada. With land holdings encompassing a strike length of 27km of the Larder Lake-Cadillac Fault (LLCF), the most prolifically endowed gold trend in the southern Abitibi, the Project is along strike from several globally significant mines including Canadian Malartic (Agnico Eagle TSX/NYSE: AEM and Yamana Gold TSX: YRI) and Sigma Lamaque (Eldorado Gold TSX: ELD).

The Project surrounds the historic Chimo gold mine, owned by Cartier Resources (TSX: ECR), which produced ~379koz @ 4.8g/t Au, down to ~800m below surface. Drilling by Cartier and 17% owner Agnico Eagle has resulted in significant extensions to mineralisation below historic workings, with the potential to plunge onto Chalice's claims at depth.

Acquired in late 2016, the Project is a consolidation of several earn-in option agreements (Chalice earning 80 to 100%) and Chalice's 100%-owned claims. Previously segmented ownership hindered any modern regional exploration being applied effectively, meaning the Project is underexplored relative to the remainder of the LLCF trend.

Since acquiring the Project, Chalice has completed systematic geochemistry and geophysics field programmes, targeting a multi-million ounce gold discovery. This work has generated 7 new, large-scale targets. Chalice has drilled ~35,000m to date on the Project, testing 5 of these new targets resulting in 3 new wide-open gold discoveries. Drilling has also expanded two existing advanced prospects along strike and down plunge.

The Company filed an updated and revised National Instrument 43-101 Technical Report on the Project on June 10, 2019 on www.sedar.com. As detailed in the report, the Nordeau West Prospect hosts an Indicated Mineral Resource Estimate of 226,000t @ 4.19g/t Au for 30,400oz Au and an Inferred Mineral Resource Estimate of 1,271,900t @ 4.14g/t Au for 169,400oz Au, at a Cut-off Grade of 2.75g/t Au.

About the Kinebik Gold Project, Quebec
The 100% owned Kinebik Gold Project covers an area of 188km^2 and includes 30km of strike along the Casa Beradi Fault in the Abitibi greenstone belt of Quebec, Canada.

Competent Persons and Qualifying Persons Statement
The information in this news release that relates to Mineral Resources in relation to the East Cadillac Gold Project is based on information compiled by Mr John Langton, P.Geo, Principal, MRB & Associates, a Competent Person who is a member of Ordre des Géologues du Québec and the Association of Professional Engineers and Geoscientists of New Brunswick. Mr Langton is a consultant to the Company and has sufficient experience in the style of mineralisation and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting Exploration Results, Mineral Resource and Ore Reserves and is a Qualified Person under National Instrument 43-101 – 'Standards of Disclosure for Mineral Projects'. Mr Langton consents to the disclosure of information in the form and context in which it appears.

Forward Looking Statements
This news release may contain forward-looking information within the meaning of Canadian securities legislation and forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, forward-looking statements). These forward-looking statements are made as of the date of this report and Chalice Gold Mines Ltd. (the Company) does not intend, and does not assume any obligation, to update these forward-looking statements.

Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the timeline for the transaction and receipt of tax credits, the Company's ownership percentage in O3 Mining, Osisko Mining's ownership percentage in O3 Mining, the capitalisation of O3 Mining, the composition of the Board and management team of O3 Mining, the value of future tax credits, the closing of the Osisko Transaction and the release from escrow of the net proceeds of the Placement.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "planning" "expects" or "does not expect", "is expected", "will", "may", "would", "potential", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", "occur" or "be achieved" or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Such factors may include, among others, risks related to actual results of current or planned exploration activities; changes in project parameters as plans continue to be refined; changes in exploration programmes based upon the results of exploration; future prices of mineral resources; possible variations in mineral resources or ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; timing and satisfaction of all conditions precedent for completion of the SPA, movements in the price of O3 Mining securities and future proceeds from potential sale of O3 Mining securities, as well as those factors detailed from time to time in the Company's interim and annual financial statements, all of which are filed and available for review on SEDAR at sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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.

SOURCE Chalice Gold Mines Ltd.

Contact
Alex Dorsch, Managing Director, Chalice Gold Mines Ltd., +61 8 9322 3960, info@chalicegold.com; Nicholas Read, Principal and Managing Director, Read Corporate Investor Relations, +61 8 9388 1474, info@readcorporate.com.au

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