

Gowest Completes Settlement with PGB Timmins Holdings LP

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TORONTO, Oct. 17, 2019 - [Gowest Gold Ltd.](#) (“Gowest” or the “Company”) (TSX-VENTURE: GWA) announced today that it has completed its settlement with PGB Timmins Holdings LP (”PGB”) in accordance with the minutes of settlement (the “Minutes of Settlement”) previously entered into between the parties. The material terms and conditions of the Minutes of Settlement are described in the Company’s August 19, 2019 press release. Pursuant to the Minutes of Settlement, Gowest has paid to PGB the final required cash payment of US\$7.5 million. The parties are now fully and finally released in respect of any and all claims and other matters arising in respect of the Pre-Paid Forward Gold Purchase Agreement (the “PPF Agreement”), dated as of December 16, 2016, entered into between PGB and Gowest.

New Credit Agreement

In connection with the completion of the settlement with PGB, Gowest has entered into a credit agreement (the “Credit Agreement”), dated as of October 16, 2019, with Greenwater Investment Hong Kong Limited (“Greenwater”), pursuant to which Greenwater advanced US\$7.0 million to Gowest. The proceeds advanced under the Credit Agreement were used by Gowest, together with cash on hand, to fund the final cash payment obligation owed to PGB under the Minutes of Settlement. The Credit Agreement amends and restates the PPF Agreement, which was assigned to Greenwater (together with all security granted in favour of PGB under the PPF Agreement), as part of the settlement with PGB.

Pursuant to the Credit Agreement, the obligations thereunder are to be repaid in 33 equal consecutive monthly payments of blended principal and interest, each such payment totalling US\$376,080, commencing as of May 2021. No payments of principal or interest are required to be paid by Gowest under the Credit Agreement until May 2021. All payments of principal and interest under the Credit Agreement are payable in cash and the Company has no future gold sale or delivery obligations under the Credit Agreement.

Subject to the terms of the Credit Agreement, the Company has the ability to prepay the obligations under the Credit Agreement at anytime prior to November 1, 2020. Further, at the option of the Company and subject to the terms of the Credit Agreement, the payment obligations under the Credit Agreement may be postponed for a period of up to six months such that the first payment would not be due until November 2021.

The obligations of the Company under the Credit Agreement are secured by a first lien (subject to permitted liens) over all of the Company’s properties and assets, other than certain excluded properties or assets specified in the Credit Agreement. The representations and warranties, covenants, events of default, and other terms and conditions of the Credit Agreement are generally consistent with the prior PPF Agreement, but modified as required to reflect the change in structure of the transaction to a loan made by way of a single advance and payable in cash.

Redstone Mill Term Sheet

The Company also announced today that it has entered into a binding term sheet (the “Term Sheet”) with [Northern Sun Mining Corp.](#) (“Northern Sun”) with respect to the processing at Northern Sun’s Redstone Mill in Timmins, Ontario of up to 30,000 tonnes of ore developed from Gowest’s Advanced Exploration Bulk Sample program (see *Gowest news release dated May 25, 2017*) at the Company’s 100% owned Bradshaw Gold Deposit (“Bradshaw”). Upon entering the Term Sheet, Gowest has terminated the agreement entered into on October 30, 2018 with [QMX Gold Corp.](#) to process material from Bradshaw at its Aurbel Mill located in Val d’Or, Quebec.

Pursuant to the Term Sheet, which expires September 30, 2020, Gowest is responsible for certain care and maintenance costs of the Redstone Mill, in the form of a standby fee of CDN\$200,000 per month (which may be reduced to CDN\$150,000 in certain circumstances). Gowest shall further be responsible for any capital costs to be incurred by Northern Sun in keeping with prudent practices for the processing the Bulk Sample ore. In respect of any month in which Gowest ore is being processed, the standby fee shall not be payable and Gowest will instead be responsible for payment of the actual operating costs of the Redstone Mill relating to the processing of such ore.

The commencement of processing the Bulk Sample is subject to Northern Sun obtaining requisite governmental consents and approvals. Northern Sun has undertaken to diligently and expeditiously seek to obtain, using commercially reasonable efforts, all required governmental consents and approvals, including environmental approvals, necessary for the processing of the Bulk Sample ore pursuant to the Term Sheet.

Northern Sun and Gowest have further agreed under the Term Sheet to use commercially reasonable efforts to negotiate and execute a long-term custom milling agreement of not less than five years on commercially reasonable terms.

Gowest President & CEO, Greg Romain said, "We are pleased to have the PGB settlement behind us so that we can return our attention to developing Bradshaw. With the recent new private Chinese ownership of Northern Sun, Gowest can now look forward to processing material from Bradshaw at the Redstone Mill, the mill which we believe is best suited for our needs. We look forward to working with and continuing to advance our relationship with the new owners of Northern Sun."

About Gowest

Gowest is a Canadian gold exploration and development company focused on the delineation and development of its 100% owned Bradshaw Gold Deposit (Bradshaw), on the Frankfield Property, part of the Company's North Timmins Gold Project (NTGP). Gowest is exploring additional gold targets on its +100 square kilometre NTGP land package and continues to evaluate the area, which is part of the prolific Timmins, Ontario gold camp. Currently, Bradshaw contains a National Instrument 43-101 Indicated Resource estimated at 2.1 million tonnes ("t") grading 6.19 grams per tonne gold (g/t Au) containing 422 thousand ounces (oz) Au and an Inferred Resource of 3.6 million t grading 6.47 g/t Au containing 755 thousand oz Au. Further, based on the Pre-Feasibility Study produced by Stantec Mining and announced on June 9, 2015, Bradshaw contains Mineral Reserves (Mineral Resources are inclusive of Mineral Reserves) in the probable category, using a 3 g/t Au cut-off and utilizing a gold price of US\$1,200 / oz, totaling 1.8 million t grading 4.82 g/t Au for 277 thousand oz Au.

Forward-Looking Statements

Certain statements in this release constitute forward-looking statements within the meaning of applicable securities laws. Words such as "may", "would", "could", "should", "will", "anticipate", "believe", "plan", "expect", "intend", "potential" and similar expressions may be used to identify these forward-looking statements although not all forward-looking statements contain such words.

Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this press release. These factors should be considered carefully and reader should not place undue reliance on the forward-looking statements. These forward-looking statements are made as of the date of this press release and, other than as required by law, the Company does not intend to or assume any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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