

Mexican Gold to Complete Business Combination With New Found Gold at Queensway Gold Project In Newfoundland

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Intersects 92.86 g/t Gold Over 19.0 Metres at Queensway Gold Project

VANCOUVER, Jan. 28, 2020 - [Mexican Gold Corp.](#) (the "Company" or "Mexican Gold") (TSXV: MEX) is pleased to announce that on January 26, 2020, it entered into a binding letter agreement with Toronto based [New Found Gold Corp.](#) ("NFGC" or "New Found Gold") to acquire all of the issued and outstanding shares of NFGC (the "Transaction"). It is anticipated that the transaction will constitute either a Fundamental Acquisition or a Reverse Takeover pursuant to TSXV policies, and as such the shares of the Company will remain halted pending TSXV approval. Closing is expected to occur on or before April 30, 2020. At closing, the Company's name will be changed to Bonanza King Mining Corp., or such other name that is acceptable to regulatory authorities.

Highlights

- The first hole ("NFGC-19-01" or "Hole #1") of NFGC's November/December drill program on its Queensway Gold Project intersected 92.86 g/t Au over 19.0 meters including 285.2 g/t Au over 6.0 meters. This intercept is near surface, starting at 96 m down hole depth. The true width of this intercept is estimated to be 70% based on drill core angles and correlation with historic drilling (link to photos of core here).
- New Found Gold is the largest mineral claim holder in the Province of Newfoundland & Labrador and is focused on exploring its 100% owned Queensway project located near the town of Gander (population approximately 12,000), Central Newfoundland. The project is crossed by the TransCanada Highway, is traversed by three high voltage power lines, and is located just ten kilometers from the Gander Airport.
- NFGC's Queensway project comprises approximately 85 km of prospective strike length on an orogenic gold system with geological similarities to the Bendigo/Fosterville district in Australia.
- Historic work focused along approximately 20 km of strike length on the Appleton and JBP fault zones and has produced multiple high-grade samples and drill intersections including an historic resource approximately two kilometres from hole NFGC-19-01.
- Under the terms of the letter agreement, New Found Gold is required to complete a minimum C\$10 million financing ("Financing") and post-Transaction, the Company will have a minimum of approximately C\$19.0 million in working capital. The Company is in discussions with various strategic investors as well as several brokerage firms and will make an announcement in the days and weeks ahead with full details of the proposed Financing.

Philip O'Neill, CEO of Mexican Gold, stated, "New Found Gold's maiden drill results are encouraging. The Queensway Gold Project demonstrates the potential for a significant near-surface discovery in a friendly, easily accessible mining jurisdiction. The resulting company will be very well capitalized to further explore and undertake multiple drill campaigns on the Queensway Project. We will also be well funded to further advance our Las Minas project in Veracruz, Mexico."

>Denis Laviolette, CEO of Newfound Gold Corp. stated, "We are encouraged by the outstanding results of Hole #1 and we expect to have results for the remainder of the 10 reconnaissance drill holes in the coming weeks. New Found has experienced overwhelming interest from investors to join us in the exciting exploration of such a large and prolific discovery story. This merger with Mexican Gold will provide us with a rapid path to a public listing, additional cash, and a very promising gold-copper asset that could provide us with great future optionality in stronger market conditions. We very much look forward to following up on Hole #1 and further testing and exploring what is currently ~20km of high-grade shear-hosted vein potential."

Collin Kettell, Founder & Executive Chairman of Palisades Goldcorp stated, "Denis Laviolette and I began putting the Queensway land package together in 2015. I cannot underestimate our team's excitement to see our efforts come full circle with a major discovery. Palisades owns approximately 37% of Mexican Gold and approximately 56% of New Found Gold. This combination will create an all-star

exploration team and offer shareholders the full dedication of our Executive Management. Palisades Goldcorp is Canada's largest resource focused merchant bank with around \$100M in cash and securities. Bonanza King will be a leading explorer and developer and will be the flagship of our portfolio.”

Transaction Rationale

- Combines two single asset companies to create a Company with a diversified portfolio of projects within favourable jurisdictions (Newfoundland and Mexico).
- Creates a diverse shareholder base with key investors including Palisades Goldcorp.
- Minimizes capital risks with the proposed entity having a combined minimum cash balance of approximately C\$19.0 million and no debt.
- Combines technical and management teams with extensive experience.
- Leverage to an initial resource base with significant exploration upside. The Company's Las Minas gold-copper project in Veracruz, Mexico has an NI 43-101 resource of 645,000 ounces of gold equivalent ("AuEq") at an average grade of 3.674 g/t AuEq in the indicated category and 217,000 ounces of gold equivalent at an average grade of 2.679 g/t AuEq in the inferred category – see table and disclosure below.
- The Queensway project in Newfoundland provides world-class exploration upside on multiple high-grade targets on a district scale project.

Details of Combination

In connection with the transaction the Company will complete a 10:1 share consolidation and then amalgamate a newly formed wholly owned subsidiary with NFGC on a share for share basis. Following the share consolidation, the Company will have 10,334,176 outstanding shares and 7,055,863 shares reserved for issuance under incentive stock options and warrants (598,700 options plus 6,457,163 warrants). An aggregate of 78,924,249 post consolidated shares of the Company will be issued to NFGC shareholders, along with incentive stock options and warrants entitling NFGC shareholders to acquire a further 23,535,000 post-consolidated shares of the Company (7,530,000 options plus 16,000,000 warrants). At closing, the Company's name will be changed to Bonanza King Mining Corp., or such other name that is acceptable to regulatory authorities.

Post transaction, and excluding securities issued on the concurrent equity Financing, existing shareholders of the Company will hold 11.6% of the issued and outstanding post-consolidation shares of the resulting issuer (14.5% of the post-consolidation shares on a fully diluted basis). Conversely, upon completion of the transaction former shareholders of NFGC will hold 88.4% of the issued and outstanding post-consolidation shares of the resulting issuer (85.5% of the post-consolidation shares of the resulting issuer on a fully diluted basis).

The transaction is subject to completion of definitive documentation, TSXV approval, approval of the shareholders of both the Company and NFGC, a spinout of NFGC's non-Newfoundland mining assets and completion of an equity Financing of not less than \$10 million. The precise form of the transaction will be determined following further advice and consultation with the parties' respective legal and tax advisors.

NFGC is controlled as to approximately 56% by Palisades Goldcorp Ltd. ("Palisades") who also control approximately 37% of the Company's outstanding shares. Following closing, Palisades will control approximately 54% of the outstanding shares of the resulting issuer (without accounting for shares to be issued on the concurrent equity Financing). Philip O'Neill is a director and shareholder of both the Company and Palisades, and John Anderson is a director of both the Company and NFGC. The transaction is a related party transaction within the meaning of TSXV policies and Ontario Policy 61-101 and is subject to the approval of shareholders excluding Palisades and its associates and affiliates.

Board of Directors & Management

The Board of Directors of the resulting issuer following the transaction is expected to consist of current Company directors Philip O'Neill and John Anderson as well as the current NFGC CEO Denis Laviolette, current NFGC Executive Chairman Collin Kettell, and current NFGC Director Craig Roberts P.Eng. Denis Laviolette will assume the position of CEO of the resulting issuer and Collin Kettell will assume the position of Executive Chairman. Greg Matheson will take position as Chief Operating Officer, Ken Rattee as VP of Exploration, and Michael Kanevsky as Chief Financial Officer.

Collin Kettell, Executive Chairman. Mr. Kettell is the Founder and Executive Chairman of Palisades Goldcorp, Canada's largest resource focused merchant bank, expected to make its public debut in 2020. Mr. Kettell is also co-founder of GoldSpot Discoveries, an Ontario-based technology company that is the leader in machine learning and artificial intelligence as it pertains to the resource exploration business. Additionally, Mr. Kettell is a co-founder and Executive Chairman of New Found Gold, as well as the Founder and CEO of Victory Metals, a leading vanadium developer in Nevada.

Denis Laviolette, President & CEO. Mr. Laviolette is a co-founder, CEO and President of GoldSpot Discoveries, an Ontario-based technology company that is the leader in machine-learning and artificial intelligence as it pertains to the resource exploration business. Mr. Laviolette is a co-founder, CEO, and President of New Found Gold. Mr. Laviolette currently serves as a director with GoldSpot Discoveries and Xtra-Gold Resources.

Craig Roberts, P.Eng, Director. Mr. Roberts is a mining engineer with over 35 years of operations, consulting, and investment banking experience. This includes experience in mine construction and operations, work on feasibility studies for numerous mining projects worldwide with a global engineering firm, investment banking/due diligence roles in over 200 institutional mining equity financings, and significant experience advising management and boards on merger and acquisition transactions. He currently serves as President and CEO of Ethos Gold, and as a director of K2 Gold, Victory Metals, and Global Battery Metals.

Philip O'Neill, Director. Mr. O'Neill is COO and Director of Palisades Goldcorp, Canada's largest resource focused merchant bank, and CEO and Director of Mexican Gold. Mr. O'Neill is President and founder of MP1 Capital, a Calgary based investment company created in 2006 to focus on the natural resources sector. Additionally, Mr. O'Neill was a founder, Director, and CEO of TSX listed Sunward Resources where he raised \$81 million to advance the Titiribi gold/copper project in Colombia ahead of negotiating Sunward's acquisition by Trilogy Metals at a +140% premium to market. He has also been a director of several TSX, TSX Venture, and ASX listed companies.

John Anderson, Director. Mr. Anderson has over 25 years of capital market experience specializing in the resource sector. He was a founder and financier of many startup companies with experience on the TSX, NYSE, NASDAQ, London AIM, and Swiss Stock Exchange. He was a founder of Deep 6 and American Eagle Oil and Gas, as well a founding general partner in Aquastone Capital, a New York based gold fund. He is currently the Chairman and interim CEO of Triumph Gold, CEO of Parallel Mining, and Chairman of Fluidoil Corp.

Greg Matheson, COO. Mr. Matheson is a professional geologist with over 12 years managing grass roots exploration through to advanced exploration projects; former exploration manager of Northern Gold Mining, senior project manager for Oban Mining and Osisko Mining. Responsible for the discovery and delineation of the >2.0M oz. Garrison Gold project in NE Ontario managing exploration from early stage through trial production mining.

Ken Rattee, VP of Exploration. Mr. Rattee brings over 36 years' experience in base and precious metal mineral exploration in various management roles; former chief geologist for Kirkland Lake Gold's Macassa Mine with extensive experience developing, supervising and implementing exploration campaigns for several corporations, including Lac Minerals, Kirkland Lake Gold, Kinross Gold and Barrick Gold.

Michael Kanevsky, CFO. Mr. Kanevsky is a Chartered Professional Accountant with expertise in corporate reporting, financial processes, and risk management. Mr. Kanevsky is the CFO of Mexican Gold and New Found Gold Corp. as well as several private mining companies. Additionally, Mr. Kanevsky is a co-founder of BM Strategic Capital Corp. which provides strategic advisory and corporate finance services to mining companies. BM Strategic Capital Corp has played key roles in corporate transactions with a combined value of approximately \$1 billion and has assisted companies in raising in excess of \$200 million in debt and equity financing to advance their projects.

About New Found Gold Corp.

NFGC is a private exploration company focussed on the district scale Queensway Gold Project in Central Newfoundland. As the largest mineral rights holder on the island of Newfoundland the company is uniquely positioned to capitalize on the underexplored nature of this emerging gold district. Further information can be found on the company's website www.newfoundgold.ca/. New Found Gold has a strong shareholder base with Palisades Goldcorp owning 56% and management and directors 10%.

About Queensway Gold Project

Initially explored by Noranda in the 1980's and now entering its discovery phase the Queensway Gold Project is located in Central Newfoundland and is a district scale gold exploration project with over 86,000 hectares of mineral licenses. Covering the cambro-silurian volcano-sedimentary sequences of the Indian Island and Davidsville Groups, gold mineralization within the project is spatially associated with Appleton and JBP Fault Zones; 85 kilometres of the strike length of these faults are located within the Queensway Gold Project and seventeen known high grade gold occurrences and zones are known to exist on the project.

The project contains a historic resource of 236,391 tonnes grading 10.26 g/t Au containing 77,943 ounces Au contained in the report titled: *The Knob Prospect*, D. Shepard, Noranda Exploration Co. Ltd. 1994. A qualified person has not done sufficient work to classify the historical resource estimate as current mineral resources nor is the Company treating the historical estimate as current mineral resources. Additional confirmatory drilling would be required to classify the historical estimate as a current mineral resource. The reader is cautioned not to rely on the estimate as the historic resource does not conform to the current CIM standards for mineral resource classification and makes assumptions about continuity of mineralization through long section methodologies typical of the time of the report's publication.

Maiden Drill Program

From November to December 2019 the corporation completed ten HQ size diamond drill holes totalling 1,985 metres. Drilling has tested a number of targets generated over the past 2 years from geochemical, geophysical and structural analysis combined with machine learning.

The first hole of the 2019 drilling program NFGC-19-01 intersected a broad quartz-iron carbonate breccia carrying significant high-grade gold mineralization within the Keats zone. Associated with secondary fault structures to the regional Appleton fault zone and hosted within the Davidsville group turbidite sequence the Keats zone is known to extend for over 300 metres along strike and displaying a low-grade gold halo with widths of up to 100 metres. This zone is both open along strike and at depth.

NFGC-19-01 has targeted 50 metres vertically below the five historic drill holes that have defined the Keats zone intersecting 92.86 g/t Au over 19.0 metres including 285.2 g/t Au over 6.0 metres. Visible gold mineralization was noted over 17 metres of this interval with hundreds of specs, grains of visible gold being noted within the veins. Vein walls and breccia fragments are highly sulphidized with up to 15% pyrite, arsenopyrite and trace boulangerite.

As the first drill hole completed by NFGC at its Queensway Gold project and an expansion of the known zone this demonstrates the potential of the Queensway Project to host significant gold mineralization.

Assay results are summarized in the table below:

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Zone
NFGC-19-01	96.0	115.0	19.0	92.86	
Including	105.0	111.0	6.0	285.2	Keats

*The true width of mineralization is estimated to be 70%

Hole No.	Azimuth (°)	Dip (°)	Length (m)	UTM E	UTM N
NFGC-19-01	300	-45	199	658148	5427245

Concurrent Spin Out

Prior to the business arrangement, [New Found Gold Corp.](#) intends to spin out its Lucky Strike Gold Project, in Kirkland Lake, ON. Lucky Strike is a 10,000-hectare property, which is 100% owned by NFGC, carrying no outstanding royalty or work commitments. Further details about the spin out will be made available in future releases.

Las Minas Total Reported Mineral Resources

A table accompanying this announcement is available at
<https://www.globenewswire.com/NewsRoom/AttachmentNg/3bda01c2-087b-4940-93a6-80427c7083f0>

Metal recoveries were not included in the equivalency calculation since the metallurgical studies completed to-date indicate a recovery of 89% for Gold, 84% for Silver and 95% for Copper.

CIM Definition Standards were followed for mineral resource estimates. The Las Minas mineral resource estimates were prepared by Mine Development Associates of Reno, Nevada under the supervision of Paul Tietz. Mr. Tietz is a Qualified Person and is independent of the Company as defined by NI 43-101. The Effective Date of the Mineral Resource is September 12, 2019. The stated resources are fully diluted to 3 m cubed blocks and are tabulated on a AuEq cutoff grade of 1.5 g AuEq/t. Using the individual metal grades of each block, the AuEq grade is calculated using the following formula:

$$\text{g AuEq/t} = \text{g Au/t} + (0.0123077 * \text{g Ag/t}) + (1.4492753 * \% \text{Cu})$$

This formula is based on prices of USD \$1,300.00 per ounce gold, USD \$16.00 per ounce silver, and USD \$2.75 per pound copper. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to the Indicated classification with continued exploration.

Qualified Person

The scientific and technical content of this press release has been reviewed, prepared and approved by Mr. Greg Matheson, P.Geo. Chief Operating Officer for New Found Gold Corp., who is a "Qualified Person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

QA/QC

True widths of the new exploration intercepts reported in this press release have yet to be determined but are estimated to be 60 – 80% of reported core lengths. Additional drilling is planned for the immediate area which will enable the true width determination. Assays are uncut, and calculated intervals are reported over a minimum length of 2 metres using a lower cutoff of 3.0 g/t Au. All HQ core assays reported were obtained by either whole sample rock metallic screen/fire assay or standard 30-gram fire-assaying with ICP finish at ALS Minerals in Vancouver, British Columbia. The whole sample metallic screen assay method is selected by the geologist when samples contain coarse gold or any samples displaying gold initial fire assay values greater than 1.0 g/t Au. Drill program design, Quality Assurance/Quality Control and interpretation of results is performed by qualified persons employing a Quality Assurance/Quality Control program consistent with NI 43-101 and industry best practices. Standards and blanks are included with every 20 samples for Quality Assurance/Quality Control purposes by the Corporation as well as the lab. Approximately 5% of sample pulps are sent to secondary laboratories for check assays.

About Mexican Gold Corp.

[Mexican Gold Corp.](#) is a Canadian based mineral exploration and development company committed to building long-term value through ongoing discoveries and strategic acquisitions of prospective precious metals and copper projects in the Americas. Mexican Gold is exploring the Las Minas Project, which is located in the core of the Las Minas mining district in Veracruz State, Mexico, and is host to one of the newest, under-explored skarn systems known in Mexico.

For more information, please contact:

[Mexican Gold Corp.](#)

Philip O'Neill – CEO, President, and Director

E-mail: info@mexicangold.ca

Telephone: (604) 638-1428

Website: www.mexicangold.ca

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