

Ascendant Resources Inc. to Sell El Mochito Mine

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- **Company to focus on the highly prospective Lagoa Salgada VMS project in Portugal**
- **Sale to provide cash injection and immediate strengthening of financial position**
- **Upside exposure to El Mochito and zinc prices maintained through royalty**

TORONTO, April 20, 2020 - [Ascendant Resources Inc.](#) (TSX: ASND) ("Ascendant" or the "Company") announced on Friday that it has entered into a share purchase agreement (the "Agreement") with Kirungu Corporation ("Kirungu"), a Panamanian company, to sell all of the issued and outstanding shares of the Company's wholly-owned Honduran subsidiary American Pacific Honduras S.A. de C.V. ("AMPAC") which owns 100% of the producing El Mochito zinc, lead and silver mine (the "El Mochito mine" or "El Mochito") in west-central Honduras (the "Transaction"). Neil Ringdahl, who has been Ascendant's Chief Operating Officer since March 2017 and is an officer of Kirungu, will resign from Ascendant effective at the close of the Transaction in order to continue to oversee and manage the operations of El Mochito.

Since its acquisition in late 2016, Ascendant has dedicated significant capital and resources to the operations at El Mochito. The mine has seen continual growth and record production quarter over quarter. Irrespective of the strong operating turnaround, the mine has not met the Company's profitability objectives and continues to require additional financial investment. The sale will substantially reduce or eliminate the Company's direct AMPAC expenses, liabilities and obligations, and provide an immediate strengthening of the Company's financial position. This will allow Ascendant to focus on its highly attractive, high-grade Lagoa Salgada VMS project (the "Lagoa Salgada project") located on the prolific Iberian Pyrite Belt in Portugal.

Transaction Overview

Pursuant to the Agreement, Ascendant will receive cash consideration of US\$1.0 million and an additional US\$100,000 in working capital adjustments, as well as a royalty on zinc sales from the El Mochito mine. Pursuant to the royalty between the closing date of the Transaction and December 31, 2029, Ascendant will receive US\$0.0125 on every payable pound of zinc sold by AMPAC at a price greater than US\$1.15/lb.

The COVID-19 pandemic and accompanying zinc commodity price weakness has resulted in significant challenges for Ascendant to continue funding the operations of El Mochito. In connection with the purchase of AMPAC, Kirungu will assume all of Ascendant's material liabilities with respect to AMPAC, the value of which is approximately US\$20-25 million. Closing is subject to a number of conditions, including the final approval of the Toronto Stock Exchange (TSX). Post-closing, the parties will seek the receipt of approval from the Honduran anti-trust authorities.

Rationale for the Transaction and Ascendant Strategy

Ascendant believes the Transaction brings a number of key benefits to the Company's shareholders, including:

- **Improved financial position.** The Transaction will reduce the Company's operating budget and significantly improve its financial strength. Ascendant will be able to redirect resources to focus on the advancement of the highly prospective Lagoa Salgada project.
- **Reduction in valuation discount.** Management believes the Company's valuation is highly discounted. A focus on Portugal should allow management to focus on this tremendous opportunity in a superior jurisdiction for mining.

- Optimization program delays avoided. Progress on financing of the optimization and expansion program at El Mochito has continued to advance throughout 2020. Once achieved, the Company would still be exposed to the current higher-cost operation until construction can be completed and cost reductions realized, which is anticipated to be two years from commencement.
- Retained exposure: The sales royalty will allow Ascendant to retain upside exposure to El Mochito including future higher zinc prices and the completion of expansion and optimization projects that are expected to be undertaken and funded by the new owners.

Mark Brennan, Executive Chairman of the Company, commented: *"We are very proud of the operational success we have achieved at El Mochito since Ascendant's acquisition of the mine in December 2016. The team has done a superb job of rehabilitating the mine, providing twelve consecutive quarters of metal production growth. Unfortunately, the delayed funding of the optimization and expansion program and the recent impact of the Covid-19 virus on global metals pricing have worked in opposition to our profitability objectives. Thus, management along with the Board of Directors believe the divestiture of the mine is in the best interest of our shareholders. We are pleased to have reached an agreement with Kirungu, and to maintain the sales royalty. On behalf of Ascendant, I would like to thank the team at El Mochito for their tremendous contributions and wish them continued success operating the mine."*

Additionally, Chris Buncic, President and CEO of Ascendant, stated: *"Today's announcement provides immediate relief to our working capital position. The sale of El Mochito provides a modest cash injection but most importantly results in a substantial improvement in the Company's balance sheet. This also provides Ascendant with the opportunity to focus on the advancement and development of our highly prospective Lagoa Salgada project. We believe Lagoa Salgada will be a great driver of future value and growth for the Company based on the continued resource growth and economic potential the project has demonstrated to date. We look forward to planned exploration work this year at Lagoa Salgada, seeking to expand the resource base and advance the project towards feasibility stage."*

Approval Process

Though Mr. Ringdahl will resign from Ascendant concurrent with the closing of the Transaction, his position as Chief Operating Officer during key portions of the negotiations led the Board of Directors of Ascendant to take certain steps to ensure an independent process. The Board of Directors struck a special committee of two independent directors, being Mr. Stephen Shefsky and Ms. Petra Decher (the "Special Committee") to assess, review and consider the terms of the Transaction and to make recommendations to the Board.

PricewaterhouseCoopers LLP ("PwC") was engaged by the Special Committee to prepare a formal valuation report pursuant to MI61-101 (as defined below) as well as a fairness opinion (the "Formal Valuation and Fairness Opinion"; the "Opinions"). The Formal Valuation and Fairness Opinion were prepared for the sole use of the Special Committee and are subject to certain limitations and assumptions. The Opinions were prepared as at December 31, 2019 and updated to March 27, 2020 (the "Valuation Date"). PwC has opined that the Transaction is fair, from a financial point of view, to the Ascendant non-offeror shareholders as at the Valuation Date. The Formal Valuation and Fairness Opinion are one factor, among others, considered by the Special Committee in making its recommendation to the Board of the Company to approve the Transaction.

Terms of the Agreement and Other Required Approvals

The Transaction will be implemented by way of a share transfer in accordance with terms of the Agreement. Ascendant anticipates the Transaction closing on or about April 27, 2020, subject to the satisfaction of all closing conditions and the receipt of all required approvals.

On closing, Ascendant will execute assignment and assumption agreements, transferring certain obligations to Kirungu. Pursuant to such assignment and assumption agreements, Kirungu will assume all liabilities and obligations of Ascendant in connection with AMPAC and its material contracts.

Closing of the Transaction is conditional upon, among other things:

- the approval of the TSX;

- the entry into of satisfactory documentation giving effect to the marginal zinc sales royalty and the assignment and assumption arrangements described above; and
- other customary closing conditions for a transaction of this nature.

The approval of the TSX noted above is predicated on the receipt by Ascendant of an exemption from Part V of the TSX Company Manual that would otherwise require disinterested shareholder approval for the Transaction by virtue of the relationship of Ascendant to Kirungu through Mr. Ringdahl and the value of the AMPAC Shares exceeding 10% of the Company's market capitalization.

The Company has obtained a waiver from the TSX under section 604(e) of the TSX Company Manual from the requirement to obtain shareholder approval for the Transaction. The Company's Board of Directors, who are all free from any interest in the Transaction, have authorized such application as they determined that the Company is in financial hardship, the Transaction is designed to improve the Company's financial situation, and the terms of the Transaction are reasonable for the Company in the circumstances.

Though the Transaction is expected to close on or about April 27, 2020, completion of the transfer of legal title to the AMPAC shares to Kirungu is not expected to occur until the expiry of the period of review of the transaction by antitrust approvals from the Comisión para la Defensa y Promoción de la Competencia of Honduras, or the receipt of their earlier formal approval or waiver. Upon receipt of the antitrust approval, or expiry of the applicable review period, legal title to the AMPAC shares will be deemed to have occurred retroactive to the closing date.

As a consequence of relying on the financial hardship exemption, the TSX has informed the Company that it will place the Company under review for continued listing, which is standard practice when a listed issuer seeks to rely on this exemption.

Additionally, given that at the time the Transaction was agreed to, Mr. Ringdahl was an officer of the Company and an officer of Kirungu, the Transaction may be considered a related party transaction for the purposes of Multilateral Instrument 61-101, *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators (MI 61-101). The Company is relying on an exemption from the minority shareholder approval requirements available under section 5.7(e) of MI 61-101 as the Company is in financial hardship, the Transaction is designed to improve the Company's financial situation, and the terms of the Transaction are reasonable for the Company in the circumstances, all of which has been determined in good faith by the Company's board and independent directors.

The Agreement will be available under Ascendant's profile at www.sedar.com. A material change report in respect of the Transaction is expected to be filed less than 21 days before the expected closing date, which the Company believes is reasonable in the circumstances in order to facilitate an expeditious closing and quicker improvement in the Company's balance sheet.

About Ascendant Resources Inc.

Ascendant is a Toronto-based mining company focused on its 100%-owned producing El Mochito zinc, lead and silver mine in Honduras and its high-grade Lagoa Salgada VMS project located in the prolific Iberian Pyrite Belt in Portugal

After acquiring the El Mochito mine in December 2016, Ascendant spent two years implementing a rigorous and successful optimization program restoring the historic potential of El Mochito, a mine in production since 1948. With steady state production achieved, the Company remains focused on further cost reduction and operational improvements to drive profitability.

The Company is engaged in exploration and the advancement of the Lagoa Salgada project with the goal of building upon the defined Mineral Resources and robust results of the maiden Preliminary Economic Assessment completed in January 2020 and advancing the project towards construction. Ascendant holds a 21.25% interest in the Lagoa Salgada project through its 25% position in Redcorp - Empreendimentos Mineiros, Lda, and has an earn-in opportunity to increase its interest in the

project to 80%. Mineral & Financial Investments Limited owns the additional 75% of Redcorp. The remaining 15% of the project is held by Empresa de Desenvolvimento Mineiro, S.A. (EDM), a Portuguese Government owned company supporting the strategic development of the country's mining sector. The Company's interest in the Lagoa Salgada project offers a low-cost entry to a potentially significant exploration and development opportunity, already demonstrating its mineable scale.

Ascendant Resources is also engaged in the ongoing evaluation of producing and development stage mineral resource opportunities. The Corporation's common shares are principally listed on the Toronto Stock Exchange under the symbol "ASND". For more information on Ascendant Resources, please visit our website at www.ascendantresources.com.

Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

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Forward Looking Information

This news release contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian securities legislation. All information contained in this news release, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). Forward-looking information is also identifiable in statements of currently occurring matters which may continue in the future, such as "providing the Company with", "is currently", "allows/allowing for", "will advance" or "continues to" or other statements that may be stated in the present tense with future implications. All of the forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information in this news release includes, but is not limited to, statements regarding its ability to file its fourth quarter/annual financial statements for the year ended December 31, 2019, its associated filings and the Company's Annual Information Form, and its ability to preserve capital under the market conditions triggered by the COVID-19 pandemic. Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by Ascendant at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that Ascendant identified and were applied by Ascendant in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to, the ability of the Company to file its fourth quarter/annual financial statements for the year ended December 31, 2019, its associated filings and the Company's Annual Information Form and to preserve capital under the market conditions triggered by the COVID-19 pandemic.

The risks, uncertainties, contingencies and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information may include, but are not limited to, risks generally associated with the mining industry, such as economic factors (including future commodity prices, currency fluctuations, energy prices and general cost escalation), uncertainties related to the development and operation of Ascendant's projects, dependence on key personnel and employee and union relations, risks related to political or social unrest or change, rights and title claims, operational risks and hazards, including unanticipated environmental, industrial and geological events and developments and the inability to insure against all risks, failure of plant, equipment, processes, transportation and other infrastructure to operate as anticipated, compliance with government and environmental regulations, including permitting requirements and anti-bribery legislation, volatile financial markets that may affect Ascendant's ability to obtain additional financing on acceptable terms, the failure to obtain required approvals or clearances from government authorities on a timely basis, uncertainties related to the geology, continuity, grade and

estimates of mineral reserves and resources, and the potential for variations in grade and recovery rates, uncertain costs of reclamation activities, tax refunds, hedging transactions, as well as the risks discussed in Ascendant's most recent Annual Information Form on file with the Canadian provincial securities regulatory authorities and available at www.sedar.com.

Should one or more risk, uncertainty, contingency, or other factor materialize, or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information. Accordingly, the reader should not place undue reliance on forward-looking information. Ascendant does not assume any obligation to update or revise any forward-looking information after the date of this news release or to explain any material difference between subsequent actual events and any forward-looking information, except as required by applicable law.

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