

Southern Silver Closes Both C\$10 Million Brokered and C\$4 Million Non-Brokered Private Placements

17.08.2020 | [Newsfile](#)

Vancouver, August 17, 2020 - [Southern Silver Exploration Corp.](#) (TSXV: SSV) ("Southern Silver" or the "Company") reports that, in conjunction with the previously announced Transaction (as defined below) to acquire an additional 60% indirect working interest (for a 100% indirect ownership interest) in the Company's flagship Cerro Las Minitas project, it has closed the C\$10 Million brokered offering of subscription receipts (the "Brokered Subscription Receipts") and has issued a total of 50,000,000 Brokered Subscription Receipts at a price of C\$0.20 per Brokered Subscription Receipt for gross proceeds of C\$10,000,000 (the "Brokered Offering") and has closed the non-brokered C\$4 Million private placement of subscription receipts (the "Non-Brokered Subscription Receipts") and has issued a total of 19,047,620 Non-Brokered Subscription Receipts at a price of C\$0.21 per Non-Brokered Subscription Receipt for gross proceeds of C\$4,000,000 (the "Non-Brokered Offering", and together with the Brokered Offering, the "Offerings"). The Brokered Offering was led by Red Cloud Securities Inc. ("Red Cloud") on behalf of a syndicate of agents (together with Red Cloud, the "Agents"). The Offerings included a lead order from Palisades Goldcorp Ltd. for \$1.0 million.

Each Subscription Receipt for the Offerings is exchangeable, for no additional consideration, into one unit of the Company (each, a "Unit") upon satisfaction of certain escrow release conditions (the "Escrow Release Conditions"). Each Unit of the C\$10 million Brokered Offering will consist of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of C\$0.25 during the first year, increasing to C\$0.30 in year two and to C\$0.35 in year three following the closing date of the Brokered Offering. Each Unit of the C\$4 million Non-Brokered Offering will consist of one common share and one-half of one share purchase warrant, with each full warrant exercisable to purchase one additional common share at a price of C\$0.28 during the first year, increasing to C\$0.33 in year two and to C\$0.38 in year three following the closing date of the Non-Brokered Offering.

The net proceeds raised under the Offerings will be used to fund the cash payment for the Transaction and for general working capital purposes inclusive of funding costs associated with the continued exploration and development of the Cerro Las Minitas polymetallic mineral property in Durango, Mexico. Up to 10,000 metres of new drilling is planned on the property, commencing in mid-September.

The Subscription Receipts, and the common shares and warrants issuable upon satisfaction of the Escrow Release Conditions, carry a legend restricting trading of the securities until December 15, 2020. The Subscription Receipts, the common shares and warrants issuable upon satisfaction of the Escrow Release Conditions, and the common shares issuable upon exercise of the warrants, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. Accordingly, such securities may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws, or pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities of Southern Silver in any jurisdiction in which such offer, solicitation or sale would be unlawful. Purchasers are advised to consult their own legal advisors in this regard.

In connection with the closing of the Brokered Offering, the Company paid fees to the Agents consisting of (i) an aggregate of \$312,080 in cash and (ii) an aggregate of 1,560,400 non-transferable compensation options ("Compensation Options"). The Company also paid the Agents a corporate finance fee consisting of (i) a cash payment of \$237,920 including applicable taxes and (ii) an aggregate of 1,189,600 corporate finance options (the "Corporate Finance Options"). Each Compensation Option and Corporate Finance Option entitles the holder to purchase one common share at a price of \$0.20 for a period of three years from the closing date of the Offerings.

The Company has also agreed to pay finder's fees consisting of 7% finder's units and 7% non-transferable

finder's warrants (upon the same terms as the Units and underlying warrants contained in the Offerings) on a portion of the Offerings.

The Offerings are subject to certain conditions including, but not limited to, the receipt of all necessary approvals of the TSX Venture Exchange.

Transaction

The Company has entered into a definitive agreement with Electrum Global Holdings L.P. ("Electrum") to acquire Electrum's 60% ownership interest in Southern Silver Holdings Limited ("SSHL") for current and future cash and share payments totaling US\$15.0 million (the "Transaction"). SSHL is a holding company that wholly owns Minera Plata del Sur S.A. de C.V. ("MPS"). MPS holds title to the Cerro Las Minitas property in Durango State, Mexico. The Company shall use its commercially reasonable efforts to complete the Transaction. The conditions of the closing of the Transaction are as follows:

1. on the closing date of the Transaction, the payment by the Company to Electrum of US\$5,000,000 in cash and the issue and delivery of US\$2,000,000 (adjusted by a credit of C\$1,350,000 paid on execution of the definitive agreement), in common shares of the Company;
2. receipt of the approval of the Company's shareholders at a meeting convened for September 4, 2020; and
3. receipt of all required approvals from the TSX Venture Exchange as well as all other relevant regulatory bodies with closing scheduled on or about September 9, 2020.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale of securities for sale, nor a solicitation for offers to buy any securities.

Cerro Las Minitas Project

The Cerro Las Minitas project is an advanced exploration stage polymetallic Ag-Pb-Zn-Cu Skarn/CRD project located in southern Durango, Mexico.

The Cerro Las Minitas project as of May 9th, 2019 contains a Mineral Resource Estimate, at a 175g/t AgEq cut-off, of⁽¹⁾

- Indicated - 134Moz AgEq: 37.5Moz Ag, 40Mlb Cu, 303Mlb Pb and 897Mlb Zn
- Inferred - 138Moz AgEq: 45.7Moz Ag, 76Mlb Cu, 253Mlb Pb and 796Mlb Zn

A total of 133 drill holes for 59,000 metres have now been completed on the CLM Project with exploration expenditures of approximately US\$18.5 million equating to exploration discovery costs of approximately C\$0.07 per AgEq ounce to the end of 2019.

Southern Silver has identified a further 10,000 metres in exploration drilling for 2020, targeting specific step-outs from strongly silver-enriched mineral intercepts in the Las Victorias, South Skarn and the Mina La Bocona targets. The targeting is designed to increase the current mineral resource estimate by approximately 30%. The CLM Project remains one of the larger undeveloped silver-lead-zinc projects in the world. It is fully permitted to continue exploration on the property, with a strong potential resource growth profile.

Drilling is scheduled to start in mid-September.

About Palisades Goldcorp Ltd.

Palisades Goldcorp is Canada's new resource focused merchant bank with a management team having a demonstrated track record backed by many of the industry's most notable financiers and with significant stakes in undervalued companies and assets with the goal of generating significant returns.

About Southern Silver Exploration Corp.

[Southern Silver Exploration Corp.](#) is a precious metal exploration and development company with a focus on the discovery of world-class mineral deposits in north-central Mexico and the southern USA. Our specific emphasis is the Cerro Las Minitas silver-lead-zinc project located in the heart of Mexico's Faja de Plata, which hosts multiple world-class mineral deposits such as Penasquito, San Martin and Los Gatos. We have assembled a team of highly experienced technical, operational and transactional professionals to support our exploration efforts with the objective of developing the Cerro Las Minitas project into a premier, silver-lead-zinc mine.

The Company engages in the acquisition, exploration and development either directly or through joint-venture relationships in mineral properties in major jurisdictions. Our property portfolio also includes the Oro porphyry copper-gold project located in southern New Mexico, USA. The Oro property consists of patented land, State leases and BLM located mineral claims which cover a highly prospective quartz-sericite-pyrite alteration zone, interpreted to overlie an unexposed porphyry centre and distal sediment-hosted, oxide-gold target.

1. The 2019 Cerro Las Minitas Resource Estimate was prepared following CIM definitions for classification of Mineral Resources. Resources are constrained using mainly geological constraints and approximate 10g/t AgEq grade shells. The block models are comprised of an array of blocks measuring 10m x 2m x 10m, with grades for Au, Ag, Cu, Pb, Zn values interpolated using ID3 weighting. Silver and zinc equivalent values were subsequently calculated from the interpolated block grades. The model is identified at a 175g/t AgEq cut-off, with an indicated resource of 11,102,000 tonnes averaging 105g/t Ag, 0.10g/t Au, 1.2% Pb, 3.7% Zn and 0.16% Cu and an inferred resource of 12,844,000 tonnes averaging 111g/t Ag, 0.07g/t Au, 0.9% Pb, 2.8% Zn and 0.27% Cu. AgEq cut-off values were calculated using average long-term prices of \$16.6/oz. silver, \$1,275/oz. gold, \$2.75/lb. copper, \$1.0/lb. lead and \$1.25/lb. zinc. Metal recoveries for the Blind, El Sol and Las Victorias deposits of 91% silver, 25% gold, 92% lead, 82% zinc and 80% copper and for the Skarn Front deposit of 85% silver, 18% gold, 89% lead, 92% zinc and 84% copper were used to define the cut-off grades. Base case cut-off grade assumed \$75/tonne operating, smelting and sustaining costs. All prices are stated in \$USD. Silver Equivalents were calculated from the interpolated block values using relative recoveries and prices between the component metals and silver to determine a final AgEq value. The same methodology was used to calculate the ZnEq value. Mineral resources are not mineral reserves until they have demonstrated economic viability. Mineral resource estimates do not account for a resource's mineability, selectivity, mining loss, or dilution. The current Resource Estimate was prepared by Garth Kirkham, P.Geo. of Kirkham Geosciences Ltd. who is the Independent Qualified Person responsible for presentation and review of the Mineral Resource Estimate. All figures are rounded to reflect the relative accuracy of the estimate and therefore numbers may not appear to add precisely.

Robert Macdonald, MSc. P.Geo, is a Qualified Person as defined by National Instrument 43-101 and supervised directly the collection of the data from the CLM Project that is reported in this disclosure and is responsible for the presentation of the technical information in this disclosure.

On behalf of the Board of Directors

"Lawrence Page"

Lawrence Page, Q.C.
President & Director, [Southern Silver Exploration Corp.](#)

For further information, please visit Southern Silver's website at southernsilverexploration.com or contact us at 604.641.2759 or by email at ir@mnx ltd.com.

Neither 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.

This news release may contain forward-looking statements, including statements regarding the closing of the Offerings and the Transaction. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Factors that could cause actual results to differ materially from those in forward looking statements include the timing and receipt of government and regulatory approvals, and continued availability of capital and financing and general economic, market or business conditions. [Southern Silver Exploration Corp.](#) does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

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