

Scorpio Gold Announces Option Agreement with Titan Mining to Earn 80% Interest in the Mineral Ridge Property

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For US\$35M of Expenditures or 100% Interest for US\$35M Payment, and Related C\$5M Equity Financing

VANCOUVER, August 31, 2020 - [Scorpio Gold Corp.](#) ("Scorpio Gold" or the "Company") (TSX-V: SGN) is pleased to announce, subject to TSX Venture Exchange approval, a part and parcel transaction whereby Scorpio Gold will raise C\$5 million in equity and has granted an option to Titan Mining Corporation ("Titan") to earn an 80% interest in the Mineral Ridge Property, located in Nevada, by spending US\$35 million on exploration over five years. If Titan spends US\$7 million of exploration expenditures on Mineral Ridge, it will also receive the right to acquire a 100% interest in Mineral Ridge by making a cash payment to Scorpio Gold of US\$35 million on or before December 31, 2022.

Brian Lock, CEO, comments "The Titan agreement provides a direct opportunity to build on the substantial value of the Mineral Ridge Property that was outlined in the 2018 updated feasibility study. Titan has stated their intention to immediately commence a comprehensive drilling campaign that will focus on the down-dip and strike extensions of the existing deposits and systematically test seven other high-priority exploration targets. This will be the first wide-ranging exploration drill program conducted on the nearly 14,000 acre Mineral Ridge Property in the history of Scorpio Gold's tenure. With Titan advancing Mineral Ridge, Scorpio Gold will have the opportunity to focus on its Goldwedge Property, including advancing its toll milling operations and furthering its exploration programs on the Goldwedge and Keystone-Jumbo deposit areas. The coming months look to be very active and promising for Scorpio Gold."

Titan Option Agreement (the "Agreement")

Terms of the Agreement require Titan to spend US\$35 million in staged expenditures over a period of five years (the "Option Term") to earn an 80% ownership interest (the "Earn-in Option") in Mineral Ridge Gold LLC ("MRG"), an indirect subsidiary of Scorpio Gold which holds all of the mineral rights and water rights comprising the Mineral Ridge Property. In order to maintain the Earn-In Option in good standing, Titan must incur expenditures of US\$7 million on or before January 1, 2022, then a further US\$7 million on each of the third, fourth and fifth anniversaries of the commencement of the effectiveness of the Earn-In Option. In addition, if Titan spends the initial US\$7 million of expenditures by January 1, 2022, it will also have the right to acquire a 100% interest in MRG by making a cash payment to Scorpio Gold of US\$35 million on or before December 31, 2022 (the "Purchase Option").

Until the earlier of the December 31, 2021 and the date that Scorpio Gold extracts a further 3200 ounces of gold from the Mineral Ridge Property, Scorpio Gold may continue its gold recoveries from the heap leach operations on the Mineral Ridge Property for its own account with 25% of the proceeds of such operation, net of operating costs, to be held in a segregated trust account which will remain an asset of MRG if Titan exercises the Earn-in Option or Purchase Option.

The effectiveness of the Agreement remains subject to receipt of the approval of the shareholders of Scorpio Gold pursuant to a special resolution to be put forward at the upcoming annual general and special meeting of shareholders of Scorpio Gold on October 2, 2020.

Private Placement and Board Appointment Right

In connection with the Agreement, Scorpio Gold will raise C\$5 million by the sale of 31,250,000 units ("Units") at C\$0.16 per Unit (the "Offering") with Augusta Investments Inc. ("Augusta") a company beneficially held by Richard W. Warke, purchasing C\$4.6 million of the Offering.

Each Unit will consist of one common share of the Company (each, a "Share") and one Share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Share for a period of three years from issuance at an exercise price equal to the lesser of \$0.30 and the closing price of the Shares following the announcement of the Agreement and the Offering, subject to a minimum exercise price of \$0.24. .

Augusta will subscribe for 29,031,250 Units for proceeds of \$4,645,000, of which such number of Units will be issued in an initial tranche (the "Initial Tranche"), as a result of which, Augusta will hold 19.99% of the outstanding Shares on an undiluted basis. The Company will seek shareholder approval at its upcoming annual general and special meeting of shareholders to approve Augusta as a control person of the Company, following which, subject to receipt of such shareholder approval, the remaining Units will be issued to Augusta. The Warrants to be issued to Augusta in the Initial Tranche will not be exercisable to the extent they would cause Augusta to hold 20% or more of the outstanding common shares of Scorpio Gold until such shareholder approval is obtained. Upon the closing of the second tranche issuance to Augusta, it is anticipated that Augusta will own or control 29,031,250 Shares, representing 28.8% of the outstanding Shares of the Company, on an undiluted basis.

The proceeds of the private placement will be used primarily for advancing the planned toll-milling operations and exploration on the Company's Goldwedge mineral property and for general corporate purposes.

Upon closing the Initial Tranche, as long as Augusta continues to hold at least 10% of the outstanding Shares, Augusta will be entitled to appoint one nominee to the Board of Directors of the Company.

About the Augusta Group

The Augusta Group is a mining sector-focused management group based in Canada and the United States. Augusta has an unrivaled track record of value creation totaling over C\$4.5 billion in exit transactions since 2011 and has strategic partnerships with the leading entrepreneurs in the mining sector. Augusta is led by its founder and Chairman, Richard Warke.

About Titan Mining Corporation

Titan Mining Corporation (TSX:TI) is a mining company which produces zinc concentrate at its 100%-owned Empire State Mining in New York State. Titan is part of the Augusta Group.

About Scorpio Gold

Scorpio Gold holds a 100% interest in the Mineral Ridge gold mining operation located in Esmeralda County, Nevada. A NI 43-101 technical report on the updated feasibility study for the Mineral Ridge Project was filed on SEDAR on January 9, 2018. Mineral Ridge has a fully permitted mine and mill operation that is currently on care and maintenance. Mining at Mineral Ridge was suspended in November 2017; however, the Company continues to generate limited revenues from residual but diminishing recoveries from the leach pads. Approximately 1 million ounces of gold have been produced from underground and open pit mining operations at Mineral Ridge over the property's +150 year history.

Scorpio Gold also holds a 100% interest in the advanced exploration-stage Goldwedge property in Manhattan, Nevada with a fully permitted underground mine and 400 ton per day mill facility. On July 20, 2020 the Company announced the terms of a purchase option to acquire a 100% interest from a subsidiary of Kinross Gold of the Manhattan Property situated adjacent and proximal to the Goldwedge property.

Scorpio Gold's Chairman, Peter J. Hawley, P.Geo., is a Qualified Person as defined in National Instrument 43-101 and has reviewed and approved the content of this release.

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ON BEHALF OF THE BOARD

[Scorpio Gold Corp.](#)

Brian Lock, CEO

For further information contact:
Brian Lock
Tel: (604) 889-2543
Email: bblock@scorpiogold.com
Website: www.scorpiogold.com

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The Company relies on litigation protection for forward-looking statements. This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without limitation, statements regarding the effectiveness of the Agreement, the closing and planned use of proceeds of the Private Placement, receipt of the regulatory and shareholder approvals discussed in this press release, the potential exercise of the Earn-in Option or the Purchase Option, and the Company's plans with respect to exploration, development and exploitation at its Goldwedge projects. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements, including risks involved in mineral exploration and development programs, risks involved in mineral processing and those risk factors outlined in the Company's Management Discussion and Analysis as filed on SEDAR. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty thereof.

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