Fosterville South Announces Record Date for Meeting on Leviathan Gold Spinout

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VANCOUVER, Sept. 1, 2020 - Fosterville South Exploration Ltd. ("Fosterville South" or the "Company") intends to enter into an Arrangement Agreement with Leviathan Gold Ltd. ("Leviathan Gold") contemplating a plan of arrangement (the "Plan of Arrangement") involving Leviathan Gold, the Company and the securityholders of the Company whereby the shares of Leviathan Gold are distributed to the securityholders of the Company (the "Shares"). Following the spin-out transaction, Leviathan Gold will explore, advance and develop the highly prospective gold focused Avoca and Timor projects.

Highlights:

- Creates immediate shareholder value for Fosterville South shareholders as each Fosterville South shareholder will receive one share of Leviathan Gold for every share held of Fosterville South as of record date.
- Leviathan Gold to carry out an immediate drill program on high-grade gold prospects located on the Avoca and Timor projects following closing of the spin-out transaction & full permitting.
- Timor project contains the underexplored high-grade Great, New and Old Leviathan Reefs, which is situated over a 5 km strike with significant potential at depth.

Anticipated Record and Effective Date

The Company intends to seek an interim order (the "Interim Order") from the Supreme Court of British Columbia for, among other things, the Company to call and hold an annual and special meeting (the "Meeting") of its shareholders (the "Securityholders") for the following purposes: (i) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "Arrangement Resolution") to approve the Plan of Arrangement; and (ii) to transact such other business, including annual meeting matters, as may properly be brought before the Meeting.

The record date for determining securityholders of record of the Company entitled to receive notice of and vote at the Meeting, is Thursday, September 3, 2020.

The target date of the Meeting is October 16, 2020 with further details to be provided via the Company's filings on www.sedar.com.

The aforementioned dates are subject to the approval of the Court and may be changed as required by the Court.

If approval is obtained at the Meeting, the Company intends to make October 22, 2020 the effective date of the Spin Out (the "Effective Date"). All shareholders of Fosterville South as of the Effective Date of October 22, 2020 would receive one common share of Leviathan Gold for every one common share of Fosterville South that they hold.

Fosterville South CEO, Bryan Slusarchuk states, "The spinout of the Avoca and Timor assets has been designed in a way that directly benefits Fosterville South shareholders who own shares as at October 22, 2020 (or such other date as the Company may determine to be the Effective Date of the spin out). These are exceptionally exciting assets and they deserve the focus of a purpose formed technical and capital markets team to unlock the value the properties possess. Luke Norman and his team are highly experienced and we are delighted to be working closely with them during and post this transaction to unlock the value of these properties. While dates are now set as to the corporate transaction, much work has already been taking place from a technical perspective. A program in the field including drilling is being planned and Leviathan Gold will truly be able to hit the ground running once up and running."

Assets for Spin Out

Fosterville South will retain ownership of all of its core gold focused properties: the Lauriston Gold Project, the Golden Mountain Project, the Providence Project and the Walhalla Belt Project. All of these properties have significant high-grade historical mining, potential for orogenic gold deposits and compelling drill targets. Fosterville South is currently drilling, as previously reported, at the Golden Mountain project and is actively preparing targets at Lauriston for drilling.

Leviathan will acquire the Avoca and Timor granted exploration licenses located in the state of Victoria.

Avoca Project

The Avoca project is centred on mesothermal quartz-vein-hosted gold and related placer-style "deep lead" gold mineralization. There is a considerable local history of mining both kinds of deposit. The term "deep lead" refers to buried auriferous river-bed deposits. The Avoca goldfield produced approximately 750,000 ounces of gold largely from alluvial gold deposits.

The Avoca project is located approximately 183 kilometres west northwest of the Victorian state capital Melbourne, with good road access. The Avoca project occurs within the geological area known as the Stawell zone, west of the Bendigo and Melbourne zones, which are all part of the Lachlan Fold Belt.

Having previously been mined with a significant amount of gold production from both alluvial and hardrock high-grade sources, Fosterville South considers the Avoca project is highly prospective for hardrock structurally controlled gold deposits. A number of major fault zones have been recognized that strike for several kilometres. Gold mineralization within the Stawell zone is generally base metal sulphide related, which Fosterville South sees as an opportunity for disseminated or fine-grained gold mineralization.

The significant hard rock historic mines within the Avoca licence include the high-grade:

- Pyrenees reefs -- 16,199 tons mined for 16,602 ounces of gold to 130 metres at an average recovered grade of 32 g/t gold, worked from 1860 to 1912;
- Excelsior reef -- 13,200 tons mined for 9,260 ounces of gold to 100 metres at an average recovered grade of 22 g/t gold, worked from 1909 to 1915;
- Vale's reefs -- 1,444 tons mined for 1,388 ounces of gold to 52 metres at an average recovered grade of 29.4 g/t gold, worked from 1865 to 1883; and
- Monte Christo reefs -- 2,795 tons mined for 937 ounces of gold to 30 metres at an average recovered grade of 10.3 g/t gold, worked from 1872 to 1877.

The production noted above was obtained from State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter. All the production occurred within the Avoca licence.

Defined mineralization shoots are present at both the Pyrenees reef and Excelsior reef, as shown from the underground mine plans held for both deposits, making for easier drill targeting.

In terms of alluvial gold deposit potential, the Avoca Subbasin, located within the Avoca project, is also projected to contain one of the largest singular unmined deep lead alluvial gold deposits within Victoria.

Timor Project

The Timor project occurs immediately east of the Avoca project and occurs within the Bendigo zone of the Lachlan Fold Belt.

The Timor project area contains numerous hardrock and alluvial gold deposits evidenced by significant

historical workings. Historical alluvial production within the Timor project area is believed to have been in the region of 640,000 ounces of gold.

Around 20 hardrock workings can be considered to have been significant producers. These include the Leviathan group of mines, with recorded gold production of 56,474 ounces of gold from 189,085 tonnes, equating to a recovered grade of approximately 9.14 g/t gold. The Leviathan structural corridor hosts several parallel quartz veins over a 5 km strike with most of the production coming from one mine active in the early 1900s. Significant potential occurs within the various other veins and faults within the corridor to the north.

In addition, Shaw's reef produced 16,881 tons mined for 12,623 ounces of gold to 130 metres at an average recovered grade of 22.9 g/t gold, worked from 1883 to 1891. Along strike of this fault zone arsenopyrite and stibnite mineralization is recorded in association with the gold mineralization indicating possible epizonal Fosterville-style gold mineralization.

Both these former mines lie on separate large regional north-south fault structures known to occur for tens of kilometres with a number of hardrock workings over their length. Neither of these two major structures have had significant drilling within the tenement. One traverse of RC drilling was carried out across the Leviathan structure and one diamond drill hole too. No drilling has occurred specifically on the Shaw's reef fault zone. These two mineralized structures are a primary focus for exploration within the project.

Terms of Transaction

Under the terms of the Spin Out, the shareholders of Fosterville South will receive one share of Leviathan for each share of Fosterville South held. The Spin Out will also provide that the shares issued under the Spin Out will be subject to the following restrictions on resale: 25% will be restricted for four months from the Effective Date, an additional 25% will be restricted for eight months from the Effective Date, an additional 25% will be restricted for twelve months from the Effective Date, and the final 25% will be restricted for sixteen months from the Effective Date.

It will be a condition to closing of the Spin Out that Leviathan obtains a listing as a publicly traded company on the TSX Venture Exchange under the name "Leviathan Gold Ltd." Further, Leviathan plans to undertake a financing of at least $5,000,000 in connection with the Spin Out. The price and other terms of the financing will be announced soon, and it is envisioned that common shares issued in this financing will be the only free trading shares of Leviathan at the date of listing.

The proposed board of directors of Leviathan will include Luke Norman and Robert Schafer. Luke Norman will be the Chief Executive Officer of Leviathan. Leviathan will issue a total of 6,000,000 common shares of Leviathan to the new management team as a part of the Spin Out.

Proposed Board of Directors of Leviathan

Luke Norman, Proposed Chief Executive Officer and Director
Luke Norman is a seasoned growth executive with 20 years of experience in the venture capital markets. He has raised in excess of $300M for both public and private companies predominantly in the resource sector. In recent years, Mr. Norman has operated a consultancy company to the metals and mining industry. He also co-founded Gold Standard Ventures Corp., a TSX-V and NYSE Market listed gold exploration company and US Gold Corp., listed on the Nasdaq exchange. He is the Chairman of Silver One Resources, a silver pre-development and exploration company listed on the TSX-V. Mr. Norman brings expertise in mineral exploration, finance, corporate governance, M&A and corporate leadership to his role as President & CEO.

Robert Schafer, Proposed Director
Mr. Schafer has nearly 40 years of experience in the mineral industry, working in the international sector with both major and junior mining companies. He is founder and Managing Director of Eagle Mines Management, a globally active private natural resources corporation. He has held executive and senior management positions with Hunter Dickinson Inc., Kinross Gold Corp., and BHP Minerals over the past 20 years. Throughout his career, Bob has worked internationally, with notable experience in the far east of Russia, Southern Africa, South America and Australia.

Mr. Schafer's work has included the structuring and implementation of successful exploration strategies, project reviews and valuations leading to acquisitions, and the management of local and expatriate exploration teams operating in a wide variety of geologic environments. In addition, Bob is the Past-President of the PDAC and Past-President of the Canadian Institute of Mining and Metallurgy (CIM) in Canada. In addition, he is the 2020-21 President of the Society for Mining, Metallurgy and Exploration (SME) and a Past President of the Mining and Metallurgical Society of America and the Geological Society of Nevada in the USA.

Appointment of Fasken Martineau DuMoulin LLP and Clarus Securities Inc.

Fosterville South has retained Fasken Martineau DuMoulin LLP as special legal counsel for the Spin Out transaction, and Clarus Securities Inc. to provide a fairness opinion on the Spin Out.

Qualified Person

The technical content of this news release has been reviewed, verified and approved by Neil 'Rex' Motton, P. Geo., COO and Director of Fosterville South; a qualified person as defined by NI 43-101. Historical records were verified by reviewing State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter.

On behalf of the Company

Bryan Slusarchuk
Chief Executive Officer and Director

Forward-Looking Statements

Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. Fosterville South cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by many material factors, many of which are beyond their respective control. Such factors include, among other things: risks and uncertainties relating to the receipt approvals to complete the Spin-Out, the satisfaction of the conditions precedent to the completion of the Spin Out, exploration risk with respect to the Avoca and Timor Projects, Fosterville South's limited operating history, its proposed exploration and development activities on is Lauriston and Golden Mountain Properties and the need to comply with environmental and governmental regulations. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, Fosterville South does not undertake to publicly update or revise forward-looking information.

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

SOURCE Fosterville South Exploration Ltd.

Contact
Adam Ross, Investor Relations, Direct : (604) 229-9445, Toll Free: 1(833) 923-3334, Email: info@fostervillesouth.com

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