

Falco Enters Into Agreements With Glencore

27.10.2020 | [GlobeNewswire](#)

MONTREAL, Oct. 27, 2020 - [Falco Resources Ltd.](#) (TSX.V: FPC) (the "Falco Corporation") is pleased to announce that it has entered into agreements with Glencore Canada Corporation and its affiliated companies (the "Glencore") related to its flagship Horne 5 Project, located in Rouyn-Noranda, Qu?bec. The agreements include a \$10 million senior secured convertible debenture (the "Convertible Debenture") bridge financing to fund the continued advancement of the Horne 5 Project and life of mine copper and zinc concentrate offtake agreements (the "Offtake Agreements").

Luc Lessard, President and Chief Executive Officer of Falco noted: *"The Horne 5 Project will benefit from Glencore's renowned expertise in processing base metal concentrates and metals marketing. The processing of Horne 5 copper concentrate at Glencore's Horne Smelter will also add to the local economic benefits generated by the Horne 5 Project. The bridge financing provided by Glencore clearly supports the advancement of the work plan in order to continue to reduce risks, resolve challenges and identify additional synergies, all with the goal of working towards a Principal Operating License and Indemnity Agreement and commencing dewatering. The concentrate agreements, the potential equity ownership, and the 2% net smelter return royalty interest held indirectly through BaseCore LLP provide strong alignment between Glencore and Falco, along with our other major partners."*

Marc B?dard, Glencore Global Head of Copper Metallurgical Operations, stated: *"We are pleased to enter into these agreements in order to further align our interests with Falco. While there remains significant work to be done and challenges to be addressed, Glencore Canada is committed to working with all stakeholders towards creating the winning conditions necessary for the further development of the Horne 5 Project and of the fully integrated copper industry in Quebec, an industry vital to the transition towards the electrification of transportation."*

Convertible Debenture Financing

Glencore has agreed to underwrite a \$10 million Senior Secured Convertible Debenture bridge financing to fund on-going Horne 5 Project operations. Funds will be used primarily for technical work, studies and modelling necessary to continue to reduce project risks (including risks to Glencore's Horne Smelter), resolve technical and other challenges and identify additional synergies, all with a goal of working towards a principal operating license and indemnity agreement between Falco and Glencore.

The Convertible Debenture has an initial term to maturity of 12 months (the "Maturity Date") and will bear interest at a rate of 7% per annum, compounded quarterly. Accrued interest will be capitalized quarterly by adding the interest to the principal of the Convertible Debenture, unless the Corporation elects at its sole discretion to settle in cash any accrued interest. To the extent that Falco and Glencore agree that progress continues to be made towards the negotiation of a Principal Operating License and Indemnity Agreement and additional time is necessary, Falco has the right to extend the Maturity Date by an additional six months.

The Convertible Debenture can be converted into common shares (the "Shares") of the Corporation within 10 days of the Maturity Date or on the Maturity Date at Glencore's sole option at a conversion price of \$0.41 per Share. The Convertible Debenture (and the Shares the Convertible Debenture may be converted into) are subject to a hold period of four months from the date of issuance of the Convertible Debenture, expiring on February 27, 2021, in accordance with applicable Canadian securities laws.

Falco also issued to Glencore on the date hereof 12,195,122 common share purchase warrants of the Corporation. Each warrant shall be exercisable for one Share at an exercise price of \$0.51 up to 12 months from the date of issuance of the warrants. The terms of the warrants provide for a cashless exercise feature,

under which the number of Shares to be issued will be based on the number of Shares for which warrants are exercised multiplied by the difference between the market price of a common Share and the exercise price divided by the market price at the time of the exercise. Glencore may utilize the cashless exercise feature in its sole discretion. The warrants (and the underlying Shares) are subject to a hold period of four months from the date of issuance of the warrants, expiring on February 27, 2021, in accordance with applicable Canadian securities laws.

The Convertible Debenture will be secured by first ranking security on all assets owned by Falco. Glencore will release the security upon the settlement of the Convertible Debenture and the repayment of interest.

So long as Glencore owns (or is deemed to own) a minimum equity interest of 5% in the Corporation, it will have the right to maintain its pro-rata interest in Falco by participating in equity financings and other dilutive instruments.

Offtake Agreements

Under the terms of the Offtake Agreements, Glencore will purchase from Falco the copper and zinc concentrate produced during the life of mine of the Horne 5 Project, which is currently estimated at 15 years. Terms were negotiated on an arms-length basis and are comparable to the assumptions included in Falco's October 5, 2017 Feasibility Study.

The copper concentrate will be processed at Glencore's Horne Smelter located adjacent to the Horne 5 Project.

Upcoming Work Plan

In order to further investigate and mitigate geotechnical and other technical risks, and to identify additional synergies, Falco has collaborated with Glencore to develop a work plan for additional geotechnical work and analysis of the risks associated with the development of the Horne 5 Project (Work Plan). Falco and Glencore have agreed to a detailed Work Plan, to be managed by Falco, which will include additional technical work, modelling and studies towards the further identification, mitigation and allocation of risks, all with the goal of working towards a Principal Operating License and Indemnity Agreement.

Management is currently updating the project financials, economic analysis, and the timeline of the Horne 5 Project development.

Falco will continue its efforts to complete the necessary work to respond to the Government inquiries on the initial filing of the Environmental Impact Study, and to initiate the public consultation process (BAPE hearings) in mid-to-late 2021.

The Corporation will also be working with its financial advisors to secure the necessary financing to fund the Horne 5 development.

Investor Conference Call

Falco will host a conference call at 8:30am (Eastern Time) today - October 27, 2020 - to provide investors with the opportunity to hear from senior management concerning the latest agreements with Glencore and Horne 5 Project update.

Those interested in participating in the conference call should dial-in at 1-(877) 223-4471 (North American toll free), or 1-(647) 788-4922 (international). An operator will direct participants to the call.

The conference call replay will be available from 11:30am (Eastern Time) on October 27, 2020 until 11:59pm (Eastern time) on November 10, 2020 with the following dial-in numbers: 1-(800) 585-8367 (North American

toll free) or 1-(416) 621-4642, access code 4090645. The replay will also be available on our website at www.falcores.com.

About Falco

[Falco Resources Ltd.](#) is one of the largest mineral claim holders in the Province of Qu?bec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns approximately 70,000 hectares of land in the Rouyn-Noranda mining camp, which represents 70% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located in the former Horne mine that was operated by Noranda (now Glencore Canada) from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. [Osisko Gold Royalties Ltd.](#) is the largest shareholder of the Corporation and currently owns 18.3% of the issued and outstanding shares of the Corporation. [Osisko Gold Royalties Ltd.](#) has announced that it intends to transfer its share ownership to its new subsidiary Osisko Development Corporation while retaining its silver stream interests.

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Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. These statements are based on information currently available to the Corporation and the Corporation provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Corporation's future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" and includes, without limitation, the potential for extension of the maturity date of the Convertible Debentures, the use of proceeds of the Convertible Debenture, the purchase and sale of concentrate under the Offtake Agreements, the completion of the Work Plan, the negotiation and finalization of a Principal Operating and License Agreement, the dewatering of the Horne 5 Project, the process to complete the Environmental Impact Study, and the efforts to secure the financing for the development of the Horne 5 Project. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, without limitation, the inability to raise funds on terms satisfactory to Falco; the inability in completing negotiations to enter into a P

principal Operating License and Indemnity Agreement with Glencore and to provide Glencore with a performance bond and ancillary insurance and assurances; the inability to address and mitigate risks inherent to the Home 5 Project; the inability to successfully complete development projects, other projects within the timelines anticipated; the amount of future production over any period; assumptions relating to the recovered grade, average ore recovery, internal dilution, mining dilution and other mining parameters set out in the Feasibility Study; assumptions relating to the gross revenues, operating cash flows and other revenue metrics set out in the Feasibility Study; mine expansion potential and expected mine life; expected time frame for completion of permitting and regulatory approvals; expected time frame for the completion of the mine; expected time frame for the completion of construction, start of mining and commercial production and the financial obligations and costs incurred in connection with such mine development; future exploration plans; sources and conditions of and anticipated financing requirements; total cash, transaction costs, and administrative costs differing materially from those anticipated; actual results of exploration activities; variations in mineral resources, mineral production, grades or recovery rates or optimization efforts and sales; uninsured risks; regulatory changes; defects in title; availability or integration of personnel, materials and equipment; performance of facilities, equipment and processes relative to specifications and expectations; unanticipated environmental impacts on operations; market prices; fluctuations in gold, silver and other metal prices and currency exchange rates; production, construction and technological risks; capital requirements and operating risks associated with the operations or an expansion of the operations; uncertainty relating to future production and cash resources; adverse changes to market, political and general economic conditions or laws, rules and regulations; changes in project parameters; the possibility of project cost overruns or unanticipated costs and expenses; accidents, labour disputes, community and stakeholder protests and other risks of the mining industry; failure of plant, equipment or processes to operate as anticipated; the foreign exchange rate between the US dollar and the Canadian dollar; risk of an undiscovered defect in title or other adverse claim.

Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, without limitation, changes in general economic conditions and conditions in the financial markets, changes in demand and prices for minerals, failure to obtain the requisite permits and approvals from government bodies and third parties, regulatory and governmental policy changes (laws and policies), operational difficulties encountered in connection with the activities of the Corporation, other matters discussed in this news release and those risks set out in Falco's public documents, including in each management discussion and analysis, filed on SEDAR at www.sedar.com. Although Falco believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed times frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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