Medgold Resources signs Option Agreement with Fortuna Silver Mines to Acquire Full Ownership and Management Control of the Tlamino Project, Serbia

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Vancouver, January 7, 2021 - Medgold Resources Corp. (TSXV:MED) | (FRA: 1XD) is pleased to announce that it has entered into a definitive Option Agreement (the “Agreement”) with Fortuna Silver Mines Inc. (NYSE: FSM) (TSX: FVI) (“Fortuna”) to acquire Fortuna’s 51% interest in the Tlamino Project, located in Serbia (the “Project”).

The terms of the Agreement provide Medgold with an exclusive option (the “Option”) to purchase Fortuna’s 51% interest in the Project for a cash consideration of US$ 3.468 million. The Option is valid for three years and is exercisable (i) at any time at the election of Medgold prior to the expiry of the term of the Option; or (ii) at the date of completion of a sale by Medgold of a 100% interest in the Project to a third party; or (iii) at the date of completion of a merger between Medgold and a third party, whichever arises soonest.

In the event that Medgold completes a sale of the Project or corporate merger during the term of the Option and receives consideration in excess of US$ 8.84 million (the “Sale Consideration”), Medgold will pay to Fortuna an asset sale bonus equal to 10.2% of any amount in excess of the Sale Consideration, less all of Medgold’s costs related to the sale or corporate merger. No other consideration is due by Medgold to Fortuna under the terms of the Agreement. The monthly Option Fees referred to in the non-binding letter of intent announced on June 18, 2020 have been struck.

Should Medgold not exercise the Option or complete a sale of the Project or corporate merger within the term of the Option, Medgold will transfer its undivided 49% interest in the Project to Fortuna for no consideration, such that Fortuna will then hold an undivided 100% interest in the Project.

Jeremy Crozier, President and CEO of Medgold, remarked: “Sealing this new deal with Fortuna provides Medgold with the immediate management control, and a path to full ownership, over the Tlamino Project necessary for unlocking the intrinsic value of the Project. This agreement, as well as the preparation of the PEA which is expected to illustrate the robust self-standing nature of Tlamino, establish a clear base from which to advance the Project though its next stages. We thank Fortuna for their support of Tlamino and Medgold, and for their collaboration in establishing this new agreement.”

Pursuant to the terms of the option agreement between Medgold and Fortuna (the “Original Option”) dated March 6, 2017, and as later amended, Fortuna has earned a 51% interest in the Project by spending US$ 3 million in exploration expenditures, as announced on January 30, 2020. The Original Option is terminated under the terms of the Agreement.

The granting of the Option is subject to approval by the TSX Venture Exchange. Medgold and Fortuna have a common director, and Fortuna is a significant shareholder of Medgold. If Medgold determines it will exercise the Option, Medgold will seek minority shareholder approval in accordance with National Instrument 61-101, Protection of Minority Securityholders in Special Transactions.

The Tlamino Project

An Inferred Mineral Resource containing approximately 680,000 oz AuEq in 7.1Mt grading 3.0 g/t AuEq at cut-off grade of 0.7 g/t AuEq was announced in regard to the Barje Prospect on January 30, 2020, and the Project is currently the subject of a Preliminary Economic Assessment (“PEA”), as announced

on August 5, 2020.

On October 28, 2020, the Company reported the completion of metallurgical test work from the Barje Prospect, which demonstrated the production of a flotation concentrate grading 48.9 g/t Au and 824 g/t Ag with recoveries to concentrate of 83.4 % for gold and 82.4% for silver from a composite sample representing the main hydrothermal breccias; this material type hosts approximately 72% of the total gold inventory reported in the current Mineral Resource Estimate for the Barje Prospect. A second composite sample representing the mineralized schist immediately above the hydrothermal breccias produced a flotation concentrate grading 24.4 g/t Au and 238 g/t Ag with recoveries to concentrate of 71.2% for gold and 79.2% for silver; this second material type hosts approximately 16% of the total gold inventory reported in the current Mineral Resource Estimate.

These highly positive results will be incorporated into the PEA.

The Tlamino Project covers an area of approximately 200km2 in southern Serbia and is held by Medgold under two exploration licenses. Outcropping mineralization was first observed at the Barje Prospect by Yugoslav State agencies in the 1950s and 1960s when a short adit was opened but no drilling was carried out. The prospect was then held by private and public companies between approximately 2005 and 2012 during which time limited drilling failed to intersect significant mineralization.

Medgold conducted mapping, surface sampling and geophysics (IP) followed by diamond drilling at the Barje Prospect in 2018 and 2019, all fully funded by Fortuna, which successfully intersected gold mineralization in a shallowly inclined body of hydrothermal breccia below altered schist (as announced on March 21, 2019). The Inferred Mineral Resource at the Barje Prospect extends from surface to a depth of approximately 110m as a shallowly inclined zone over an area of approximately 600 m x 350 m. The true thickness of mineralization generally ranges between 10 m to 40 m.

Qualified Person and Data Verification

Mr. Thomas Sant, FGS, CGeol, EurGeol, Consultant Exploration Manager for Medgold and Qualified Person as defined by NI 43-101, has reviewed and approved the scientific and technical content of this news release. Mr. Sant is not independent of the Company.

About Medgold Resources Corp.

Medgold is a TSX-V listed, gold exploration company targeting early-stage properties in the Balkan region. Run by an experienced management team with a successful track-record of building value in resource companies, Medgold is focused on growth through fast-paced exploration and resource definition in the prospective and under-explored Balkan region.

Additional information on Medgold can be found on the Company’s website at www.medgoldresources.com and by reviewing the Company’s page on SEDAR at www.sedar.com.

ON BEHALF OF THE BOARD

Jeremy Crozier, President and CEO

For Further Information, Contact:

President and CEO

Jeremy Crozier (Vancouver), +1 604 801 5432, info@medgoldresources.com

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts

responsibility for the adequacy or accuracy of this release.

Forward-looking statements

Certain statements contained in this news release constitute forward-looking statements within the meaning of Canadian securities legislation. All statements included herein, other than statements of historical fact, are forward-looking statements and include, without limitation, statements about the potential acquisition by the Company of Fortuna’s interest in the Tlamino Project, the mineral resource estimate for the Tlamino Project, and the proposed PEA. Often, but not always, these forward looking statements can be identified by the use of words such as “estimate”, “estimates”, “estimated”, “potential”, “open”, “future”, “assumed”, “projected”, “used”, “detailed”, “has been”, “gain”, “upgraded”, “offset”, “limited”, “contained”, “reflecting”, “containing”, “remaining”, “to be”, “periodically”, or statements that events, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by forward-looking statements. Such uncertainties and factors include, among others, whether the Company will obtain stock exchange approval to the Option, and ultimately acquire Fortuna’s interest in the Tlamino Project; whether the PEA will be completed; the uncertainties inherent in the estimation of mineral resources; changes in general economic conditions and financial markets; the Company or any joint venture partner not having the financial ability to meet its exploration and development goals; risks associated with the results of exploration and development activities, estimation of mineral resources and the geology, grade and continuity of mineral deposits; unanticipated costs and expenses; and such other risks detailed from time to time in the Company’s quarterly and annual filings with securities regulators and available under the Company’s profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to: the Company will obtain stock exchange approval to the Option; the accuracy of the mineral resource estimate for the Tlamino Project; that the PEA will be completed; that the Company’s stated goals and planned exploration and development activities will be achieved; that there will be no material adverse change affecting the Company or its properties; and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.

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