

# **Nova Royalty to Increase Taca Taca Royalty Interest to 0.42% and Announces Warrant Expiry Acceleration**

11.01.2021 | [CNW](#)

VANCOUVER, Jan. 11, 2021 - [Nova Royalty Corp.](#) ("Nova" or the "Company") is pleased to announce that it has entered into royalty purchase agreements (the "Purchase Agreements") with existing shareholders of the Company (the "Sellers") pursuant to which Nova will acquire a combined, existing 0.18% net smelter return royalty ("Royalty") on the Taca Taca copper-gold-molybdenum project in Salta Province of Argentina ("Taca Taca"), 100% owned by [First Quantum Minerals Ltd.](#) (TSX:FM) ("First Quantum") for US\$13 million in common shares of Nova ("Nova Shares") and US\$3 million cash payable on closing and an additional US\$4 million in cash payments at commercial production at Taca Taca (the "Transaction"). Together with Nova's previous acquisition of a 0.24% interest in the Royalty, the Transaction will increase Nova's interest to an aggregate 0.42% Royalty on the world class Taca Taca development project.

Alex Tsukernik, Nova's President and CEO, commented, "?This transaction is a great vote of confidence in Nova's strategy from existing shareholders who are now significantly increasing their ownership in the Company. Since Nova's initial royalty acquisition, First Quantum has outlined the path to project development, which will make Taca Taca one of the very few copper development projects being advanced by a major mining company. We are excited to increase our ownership in this outstanding project and look forward to continuing to grow Nova into a premier copper-nickel royalty company".

The Transaction is subject to consent of First Quantum, which is not to be unreasonably withheld, and the acceptance of the TSX Venture Exchange. Transaction completion ("Closing") is expected by February 2021.

## **TRANSACTION**

The aggregate purchase price for the Transaction includes upfront consideration of US\$3 million in cash and 4,545,454 Nova Shares with an aggregate value of US\$13 million, based on the average of the 10-day and 15-day volume weighted average prices of the Nova Shares on the TSX Venture Exchange as of January 8, 2021. Nova will make additional cash payments totaling US\$4 million upon the commencement of commercial production from Taca Taca. The Company intends to file a prospectus supplement to its base shelf prospectus dated October 30, 2020 to qualify the distribution of the Nova Shares to the Sellers.

The royalty is subject to a buyback right based on the proven reserves at Taca Taca in a feasibility study completed by a recognized, international consulting firm that is contracted by mutual consent of all parties, including royalty holders. The buyback amount will be equivalent to the amount of the Proven Reserves multiplied by the prevailing market prices of all applicable commodities within Taca Taca.

Nova has agreed to pay a finder's fee to an arm's length person totaling two (2) percent of the Transaction value to be paid at Closing based on a volume weighted average trading price of the common shares of the Company prior to the date of Closing (subject to the acceptance of the TSX Venture Exchange).

## **TACA TACA**

Taca Taca is a porphyry copper-gold-molybdenum project located in the Puna (Altiplano) region of Salta Province, northwestern Argentina, approximately 55 kilometers east of the Chilean border and 90 kilometers east of Escondida, the world's largest copper mine.

On November 30, 2020, First Quantum announced a maiden reserve of 7.7 million tonnes of copper, an

updated measured & indicated resource of 9.45 mm tonnes, an initial mine life of 32 years, and a timetable to consider a production decision for Taca Taca in 2023-2024.

First Quantum provided the following reserve and resource information at Taca Taca:

Mineral Reserve statement as at October 2020

Classification	Tonnes (Mt)	Cu grade (%)	Mo grade (%)	Au grade (g/t)	Cu metal (kt)	Mo metal (kt)	Au metal (koz)
Proven	408.3	0.59	0.016	0.13	2,401.6	63.3	1,749.8
Probable	1,350.2	0.39	0.011	0.08	5,333.1	150.2	3,336.9
Proven & Probable	1,758.5	0.44	0.012	0.09	7,734.7	213.5	5,086.7

Note: The estimated mineral reserve was determined using metal prices of \$3.00/lb for copper, \$12.00/lb for molybdenum, and \$1,200/oz for gold. The actual marginal cut-off grade for the mineral reserve varies according to the copper recovery assigned to various mineralogical groupings. However, the overall average marginal copper cut-off grade is in the order of 0.13% Cu<sub>eq</sub>

Mineral Resource statement as at October 2020

Classification	Volume (Mbcm)	Tonnes (Mt)	Density (t/m <sup>3</sup> )	Cu grade (%)	Mo grade (%)	Au grade (g/t)	Cu metal (kt)	Mo metal (kt)
Measured	157.7	421.5	2.67	0.60	0.016	0.14	2,542.8	67.02
Indicated	671.6	1,781.8	2.65	0.39	0.011	0.07	6,908.0	197.52
Measured & Indicated	829.3	2,203.3	2.66	0.43	0.012	0.09	9,450.7	264.54
Inferred	269.4	716.9	2.66	0.31	0.009	0.05	2,206.0	65.15

Note: The copper equivalent cut-off ("Cu<sub>eq</sub>") grade accounts for a \$3.00/lb copper price, a \$1,200/oz gold price, and a \$12.00/lb molybdenum price. Inventory and classification are guided by the design ultimate pit. The stated mineral resource includes the mineral reserve.?

First Quantum has filed a National Instrument 43-101 ("NI 43-101") technical report titled "Taca Taca Project Salta Province, Argentina" dated November, 2020 (the "Report"). The Report documents an updated mineral resource model and a significant maiden mineral reserve estimate derived from an open pit mine design and plan which contemplates processing throughput of up to 60 million tonnes per annum through a conventional flotation circuit with a mine life of approximately 32 years. The recovered copper reaches a peak of approximately 275,000 tonnes within the first ten years of operations.

First Quantum reports that a decision to proceed with the construction of Taca Taca is expected in 2023 or 2024.

## ACCELERATION OF WARRANTS

Nova is also electing to accelerate the expiry of certain outstanding common share purchase warrants of the Company exercisable at prices of \$0.40 and \$1.00 per Nova Share (the "Warrants"). Pursuant to the terms of the Warrants, in the event that the closing price of the Nova Shares is greater than \$1.00 or \$1.25 per Nova Share for twenty (20) consecutive trading days at any time after the issue date (the "Acceleration

Trigger"), the Company may accelerate the ?expiry date ?of the Warrants by providing written notice, or by way of news release in lieu of ?written notice, to the ?holders of such Warrants such that the Warrant will expire on the 30th day ?following the date of notice ?thereof given to the holder (the "Expiry Date").? The Company confirms that prior to the date hereof, an ?Acceleration Trigger has occurred. In ?accordance with the terms of the Warrants, the Company hereby ?provides notice to the holders ?of Warrants that the Acceleration Trigger has occurred and that the ?Company is exercising its ?right to accelerate the expiry of the Warrants. Accordingly, the Expiry Date is ?now set for 4:00 ?p.m. (Vancouver time) on February 10, 2021, being the 30th day following the date of ?this news ?release. Any Warrants remaining unexercised after the Expiry Date will expire and be of no ?force and effect.?

As of January 8, 2021, 5,923,186 Warrants to ?purchase Nova Shares ?have yet to be exercised. Accordingly, if all of the ?outstanding Warrants are exercised, gross proceeds to ?the Company will total approximately ??\$5,582,686. The proceeds from the exercise of the Warrants will ?be primarily used by the Company to ?continue to execute on its growth strategy, as well as for general ?corporate and working capital ?purposes.?

Holders may exercise the Warrants before the Expiry Date by observing the process as set out ?in the ?Warrant certificates. The contact information for the exercise of the Warrants is William Tsang, Chief ??Financial Officer at [Nova Royalty Corp.](#), Suite 501, 543 Granville Street, ?Vancouver, British ?Columbia, V6C 1X8 and can be reached at [info@novaroyalty.com](mailto:info@novaroyalty.com). ?

#### About Nova

Nova is a royalty company focused on providing investors with exposure to the key building blocks of clean energy &#8211; copper and nickel. The Company is headquartered in Vancouver, British Columbia and is listed on the TSX Venture Exchange under the trading symbol "NOVR".

#### Qualified Person

Technical information contained in this news release originates in the public disclosure set out above and has been reviewed and approved by Christian Rios, AIPG Certified Professional Geologist, Advisor to Nova and a Qualified Person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects.

#### Technical and Third-Party Information

The disclosure in this press release relating to Taca Taca is based on information publicly disclosed by the owners or operators of this property and information/data available in the public domain as at the date hereof and none of this information has been independently verified by Nova. Specifically, as a royalty holder, Nova has limited, if any, access to the property subject to the Royalty. Although Nova does not have any knowledge that such information may not be accurate, there can be no assurance that such third party information is complete or accurate. Some information publicly reported by the operator may relate to a larger property than the area covered by Nova's royalty interest. Nova's royalty interests often cover less than 100% and sometimes only a portion of the publicly reported mineral reserves, mineral resources and production of a property.

ON BEHALF OF [Nova Royalty Corp.](#),

(signed) "Alex Tsukernik"

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

## Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation. The forward-looking statements herein are made as of the date of this press release only, and the Company does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information in this press release includes, but is not limited to, closing of the Transaction; the consent of First Quantum being obtained, exploration and expansion potential, production, recoveries and other anticipated or possible future developments on the Taca Taca project, current and potential future estimates of mineral reserves and resources; future commercial production from Taca Taca; receipt of TSX Venture Exchange and all other required regulatory approval to the acquisitions of the Royalty; and management's expectations regarding Nova's growth. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of Nova to control or predict, that may cause Nova's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein, including, but not limited to, the risk factors set out under the heading "Risk Factors" in the Company's final non-offering long form prospectus dated August 14, 2020 available for review on the Company's profile at [www.sedar.com](http://www.sedar.com). Such forward-looking information represents management's best judgment based on information currently available. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

SOURCE [Nova Royalty Corp.](#)

### Contact

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