

Falco Resources Enters Into an Agreement in Principle With Glencore Regarding Horne 5 Development and Operating License

28.06.2021 | [GlobeNewswire](#)

MONTREAL, June 28, 2021 - [Falco Resources Ltd.](#) (TSX.V: FPC) ("Falco" or the "Corporation") is pleased to announce that it has entered into an agreement in principle with Glencore Canada Corporation ("Glencore") establishing the framework of the terms and conditions (the "Agreement in Principle") pursuant to which the parties will enter into the Principal Operating License and Indemnity Agreement (the "OLIA") in order to enable Falco to develop and operate its flagship Horne 5 Project (the "Horne 5 Project"), as further described in the updated feasibility study filed on SEDAR on April 29, 2021 (the "UFS"). It is anticipated that the OLIA will be finalized in the third quarter of 2021.

The Agreement in Principle outlines the terms to be included in the OLIA which will establish the framework to govern Falco's development and operation of its world-class Horne 5 Project, including:

- The creation of Technical and Strategic Committees, comprised of both Glencore and Falco representatives, to collaborate in the successful and safe development and operation of the Horne 5 Project and to capitalize on the many synergies between the parties.
- The right to appoint one (1) Glencore representative on Falco's Board.
- Rights of access, use and transformation rights in favour of Falco.
- Financial assurance including guarantees, and indemnification to cover risks to Glencore's copper smelting operations (the "Horne Smelter").

The life of mine offtake agreements for the copper and zinc concentrates, as entered into on October 27, 2020 (the "Concentrate Agreements") and the UFS will also form part of the final OLIA.

Discussions between the parties have accelerated since the start of the Glencore work program (the "Work Program") and the signing of the Concentrate Agreements. Falco believes that this is a major step forward into the final phase of negotiations of the OLIA, which will establish the terms upon which Falco will be granted the right to proceed with its Horne 5 Project development and operation to the mutual benefit of both parties.

Luc Lessard, President and Chief Executive Officer of Falco noted: *"This agreement is a major milestone for the development of the Horne 5 Project that we have been working towards over the last five years. It is the culmination of an extensive technical and strategic collaboration between Falco and Glencore and, together with the significant advancement of the Work Program, has enabled the parties to build the foundation for the OLIA. The Work Program has achieved its objective to identify and mitigate the potential risks to the Horne Smelter, in addition to strengthening our partnership and relationship with Glencore. I am confident that the parties will be successful in finalising the OLIA within the expected timeframe."*

Aline Coté, Glencore Global Zinc and Lead Industrial Lead, and Claude Bélanger, Chief Operating Officer of Glencore's North American copper assets (including the Horne Smelter and CCR Refinery), commented: *"This agreement represents a milestone towards the development of Falco's Horne 5 Project. We are very pleased with the work accomplished over the past 10 months and the strong working relationship that has developed between Falco and Glencore. Copper produced at Horne 5 and processed through Glencore's integrated Quebec Copper Operations will be some of the greenest and lowest-carbon footprint copper in the world. While it is impossible to eliminate all of the risks inherent with having two such operations in close proximity, Glencore is confident that with the work done to date, our strong relationship and the successful completion of the OLIA, an alignment of interests will have been achieved and a path to success for the Horne 5 Project will have been set out."*

Work Program Update

Since November 2020, Glencore and Falco have conducted an intensive Work Program to address concerns and mitigate potential risks of the Horne 5 Project to the Glencore operations. The key components of the Work Program were established by Glencore after a complete due diligence review of the Horne 5 Project by their technical teams.

The Work Program with a budget of approximately \$7.5 million was largely financed through the proceeds of the convertible debenture financing made available by Glencore to Falco in October 2020. The Work Program was managed by a joint Technical Committee between Glencore and Falco and addressed key components, categorized as follows:

- Geotechnical advancement (drilling investigation, crown pillar stability, seismicity potential, backfill characterisation, etc.);
- Water management of the Horne 5 Project;
- Synergies between the Horne 5 Project and the Horne Smelter.

At this date, Falco and Glencore have successfully addressed the majority of the key components, including the backfilling of old underground workings to secure certain crown pillars at the Horne Smelter and will continue to collaborate to finalize the current Work Program. The parties are working diligently to mitigate risk factors for the Horne Smelter's operation and are in agreement on the path forward towards the dewatering phase of the Horne 5 Project.

Conference call details

Falco will be hosting a conference call to discuss this milestone on Monday, June 28, 2021 at 10:00 Eastern time with the Falco team. Participants may join the call by dialing:

Participant Toll-Free Dial-In Number: (888) 880-5556

Participant International Dial-In Number: (438) 801-4093

A recorded playback of the call will be available two hours after the call's completion until July 12, 2021 by dialing (800) 585-8367 or (416) 621-4642 and entering the conference ID# 1342774.

About Falco

[Falco Resources Ltd.](#) is one of the largest mineral claim holders in the Province of Québec, 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 Corporation) from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. [Osisko Gold Royalties Ltd.](#)'s subsidiary, [Osisko Development Corp.](#), is Falco's largest shareholder owning 18.2% interest.

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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, in particular Falco's ability to enter into a definitive and binding OLIA with Glencore, the expectation that such OLIA would be finalized in the third quarter of 2021, the terms of the OLIA and the related benefits, the ability of Falco to efficiently develop and operate the Horne 5 Project based on the terms of the OLIA, the mitigation of the risks related to the Horne Smelter's operations and the ability to commence the dewatering of Falco's Horne 5 Project. 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. The occurrence of such events or the realization of such statements is subject to a number of risk factors, including, without limitation, the finalization of the binding and definitive OLIA with Glencore, the ability of Falco to provide the financial assurance guarantees required by the OLIA and the exercise by Glencore of rights under the OLIA which could affect the development and operation of the Horne 5 Project, together with the other risk factors identified in Falco's Annual Information Form and other continuous disclosure documents available 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 time 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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<https://www.rohstoff-welt.de/news/387493--Falco-Resources-Enters-Into-an-Agreement-in-Principle-With-Glencore-Regarding-Horne-5-Development-and-Operations>

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