

Mich Resources Ltd. to Acquire Advanced Copper Exploration Project in Peru via Reverse Takeover

30.07.2021 | [CNW](#)

VANCOUVER, July 30, 2021 - [Mich Resources Ltd.](#) (CSE: MICH) ("Mich" or the "Company") announced that it has signed a term sheet (the "Term Sheet") dated July 27, 2021 for the acquisition of the advanced stage Pecoy copper exploration project located in Peru (the "Pecoy Project"). The signatories to the Term Sheet include Pembroke Copper Corp. ("Pembroke"), Minera Andina de Exploraciones SAA ("Minandex") and UMS Projects LP ("UMS"). The Term Sheet contemplates that the Pecoy Project will be acquired from Pembroke and Minandex for cash and Mich shares that will be immediately distributed by Pembroke to its shareholders. UMS acted as finder and facilitated the negotiations of the transaction ("Transaction") which will constitute a reverse take-over ("RTO") of Mich when completed.

About the Pecoy Project

The Pecoy Project is an advanced copper exploration project located 150 kilometres northwest of Arequipa, within the Cretaceous Copper Porphyry Belt of Peru, host to the Zafranal copper porphyry ([Teck Resources Ltd.](#) and Mitsubishi Materials Corporation) located approximately 100 kilometers to the southeast of the project.

The Pecoy Project is located within the Peruvian coastal desert region which grades into the Atacama desert further south in Chile. Topography within the project area ranges from 800m at the Rio Ocoña, to slightly more than 4,000m at the highest ridges. Within the area of mineralization, the relief ranges from 1,650m to 2,200m. There is no infrastructure in the immediate project area, but water is available from the Rio Ocoña delta some 8 km to the west, and power is available from the national grid 100 km from site. The site also has excellent road access to a number of nearby seaports for shipping of concentrates.

The combined Pecoy Project area consists of approximately 13,300 hectares. Exploration on the property dates back to 2009, and consists of 48,500m of diamond drilling in 121 drill holes completed by previous operators including Pembroke. The project database consists of 1,222 downhole surveys, and 23,210 assays. The average drill spacing is about 118m in the main mineralized zone on the Pembroke property, and 80m on the Minandex (Ocaña) side. The project database also includes quality control data including blanks, standards and duplicates.

In 2018 Pembroke engaged Micon International to prepare a Canadian National Instrument 43-101 compliant Technical Report and mineral resource estimate; however, as a non-reporting Issuer the report was never filed on SEDAR. The 2018 Technical Report considers two mining scenarios: the first being a pit constrained to the Pembroke owned concessions only and excluding any resources on the adjacent land, and the second assuming the adjacent Minandex (Ocaña) ground is available for pit expansion.

These assumptions led to two historical mineral resource estimates as shown in Table 1 below.

Table 1

Historical Inferred Mineral Resource Estimates as reported by Micon International (2018)

Scenario	k Tonnes ¹	Cu (%)	Mo(%)	Au (ppm)	Ag (ppm)
Pembroke Only	473,000	0.33	0.012	0.03	1.18
Pembroke/Ocaña					

721,000

0.34

0.011

0.05

1.27

Notes:

- 1 - above a cutoff of 0.25% Cu
- 2 - based on the following metal prices - Cu (\$3.25), Mo (\$8.00), Au (\$1,400), Ag (\$20.00)
- 3 - based on the following metal recoveries - Cu (88-90%), Mo (70-72%), Au (40-54%), Ag (52-80%)
- 4 - the Qualified Person for this estimate is Christopher Keech, P.Geo. of CGK Consultants
- 5 - Effective date of the resource estimate is May 1, 2018

The Micon estimate was prepared to CIM (May 2014) standards for the reporting of mineral resources and in accordance with CIM Best Practice Guidelines. The mineral resources were estimated in a 3-dimensional block model using commercial mine planning software. Resource classifications were assigned in accordance with CIM guidance.

The Company considers the Micon 2018 estimate to be a historical estimate since it was never filed on SEDAR. It should be noted that a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, and the Company is not treating the historical estimate as current mineral resources.

The Company intends to verify the historical estimate and complete an updated Technical report with current mineral resources prior to the closing of the Transaction. Verification of the Micon 2018 resource is expected to be straightforward as the core and pulps are available at the Pecoy site, the drilling database is available along with original surveys and assay certificates.

The Pecoy Project to be acquired by the Company is comprised of all rights and title of the Pecoy Project currently held indirectly by Pembroke and Minandex. Additionally, Minandex is the owner of certain lands adjoining the Pecoy Project which will be optioned to the Company concurrently with the closing of the Transaction.

Transaction Details

As an RTO the Transaction is a fundamental change pursuant to the policies of the Canadian Securities Exchange (the "Exchange"). As consideration for Pembroke and Minandex's interests in the Pecoy Project, the Company will pay the amount of USD \$2,000,000 and issue 120.7 million common shares of the Company to the shareholders of Pembroke and Minandex and 6.4 million shares to UMS. It is anticipated (and without taking into account any potential concurrent financings), that the shareholders of Pembroke and Minandex will hold approximately 70% of the approximately 173 million common shares of the Company (excluding dilutive securities) following closing of the Transaction (the "Resulting Issuer") and UMS will hold 3.7% of the Resulting Issuer.

Upon completion of the Transaction, the Resulting Issuer will continue to carry on the business of exploration and development of the Pecoy Project under the Company's existing name or such other name as may be approved by the board of directors of the Resulting Issuer and the Exchange.

Completion of the Transaction is subject to a number of conditions, including but not limited to the execution of definitive agreements, mutual due diligence, the approval of all regulatory bodies having jurisdiction in connection with the Transaction (including the approval of the Exchange), and approval of both the Company's shareholders and the shareholders of Pembroke. The Company intends to apply for an exemption from any sponsorship requirements of the Exchange. There can be no assurance that the Transaction will be completed as proposed or at all.

In connection with the announcement of the Term Sheet and Transaction, trading of the common shares of the Company on the Exchange has been halted, and will remain halted until closing of the Transaction which is currently targeted for the fourth quarter of 2021.

The Term Sheet has been approved by each of the Company, Pembroke, Minandex and UMS. Further details of the Transaction and related transactions, including the proposed executive management and board of directors of the Resulting Issuer will be disclosed in a material change report to be filed within 10 days at www.sedar.com and in future news releases.

The Qualified Person responsible for the technical content in this release is Dr David Stone, P.Eng., an independent consultant to the Company.

About the Company

The Company is a British Columbia public company with a registered office at 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1C3. The Company's common shares are listed on the Exchange under the trading symbol "MICH" and a reporting in British Columbia and Ontario. The Company is principally engaged in the acquisition and exploration of mineral properties.

About UMS Projects LP

UMS Projects LP is a Vancouver based mining group who have interests in a number of different public mining companies.

About Pembroke

Pembroke is a British Columbia private company with a head office located at 500-666 Burrard Street, Vancouver, British Columbia. Concurrently with or prior to the closing of the Transaction, Pembroke will divest itself of certain assets not related to the Pecoy Project.

About Minandex

Minandex a Peruvian public company with a head office located at Calle Arnaldo Alvarado Degregori #39, Surco, Lima, 33, Peru.

On behalf of [Mich Resources Ltd.](#)

"Mark T. Brown"
Chief Executive Officer

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

Forward Looking Information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to: the proposed Transaction; the satisfaction of the conditions and closing of the Transaction (including Exchange and shareholder approvals); transfer of the Pecoy Project to the Resulting Issuer; and, general business and economic conditions. The foregoing list of assumptions is not exhaustive.

Although management of the Company believe that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information herein will prove to be accurate. Forward-looking statements and

information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to: the Transaction may not close on the terms set forth herein, or at all; risks relating to the availability of financing for the Resulting Issuer; risks relating to the receipt of all requisite approvals for the Transaction, including the approval of the Exchange; risks associated with the business of the Company; business and economic conditions in the mining industry generally; the supply and demand for labour and other project inputs; changes in interest and currency exchange rates; risks relating to unanticipated operational difficulties (including failure of equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters); political risk and social unrest; changes in general economic conditions or conditions in the financial markets; changes in laws (including regulations respecting mining concessions); risks related to the direct and indirect impact of COVID-19 including, but not limited to, its impact on general economic conditions, the ability to obtain financing as required, and causing potential delays in the supply of equipment and services; and other risk factors as detailed from time to time.

The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

SOURCE [Mich Resources Ltd.](#)

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