

Altus Strategies Plc: Final Closing of Cash Paying Royalty on Caserones Copper Mine in Chile

03.09.2021 | [The Newswire](#)

[Altus Strategies Plc](#) (AIM:ALS) (TSXV:ALTS) (OTC:ALTUF) announces it has completed the second and final closing ("Final Closing") of the recently announced agreement to acquire an effective 0.418% net smelter return royalty ("NSR") interest on the producing Caserones Copper Mine ("Caserones"), located in the Atacama region of northern Chile (the "Acquisition") (see Altus news releases dated 17 and 23 August 2021). Altus is acquiring the NSR interest for US\$34.1 million through a strategic 50:50 partnership with NYSE American and TSX Venture exchanges listed, EMX Royalty Corporation ("EMX"). Altus and EMX have created a Special Purpose Vehicle ("SPV") incorporated in Chile that is owned jointly by Altus and EMX. The SPV has now acquired an effective 0.836% NSR royalty for US\$68.2 million. Altus has principally financed the Acquisition with a US\$29 million acquisition loan facility agreement ("Facility") provided by La Mancha Fund SCSp ("La Mancha").

Highlights:

- - Final Closing of Acquisition of a 0.418% NSR interest on Caserones copper mine in Chile
 - Payment of US\$7.95M made for balance of 0.418% NSR interest
 - NSR interest is expected to generate cash flow of US\$3.2M (post-tax) per year to Altus
 - Caserones has been operating since 2015 and has 17 years of mine life remaining
 - Acquisition part-financed by US\$29M loan facility from major shareholder La Mancha
 - La Mancha holds a 35.08% interest in Altus and its Chief Executive is a Director of Altus
 - SPV owned by Altus and EMX to share revenues from a combined 0.836% NSR interest
 - Additional royalty transactions under review globally with a focus on gold and copper

Steven Poulton, Chief Executive of Altus, commented:

"We are delighted to announce the final closing of the Acquisition of a significant cash paying royalty on a long-life copper mine in a tier-1 mining jurisdiction. Altus has acquired an effective 0.418% NSR royalty interest on the Caserones copper mine in the Atacama region of Chile, for a cash consideration of US\$34.1M. The NSR interest is expected to generate approximately US\$3.2 million (post-tax) per year attributable to Altus. The Caserones mine is owned and operated by JX Nippon Mining & Metals Corporation of Japan and has an estimated 17 years of production remaining.

"The Acquisition of the NSR interest has been part-financed by a US\$29 million acquisition bridge loan facility provided by La Mancha, our largest shareholder, which has recently established a US\$1.4 billion mining investment fund. The provision of the facility underscores La Mancha's commitment to the long-term growth of Altus and the quality of this Acquisition. We are also delighted to have formed a strategic relationship with NYSE American and TSX-V listed EMX Royalty Corp. to acquire the NSR through the creation of a Chilean SPV company. Our partnership with EMX is strengthened by Michael Winn, the

Chairman of EMX, who is also a Non-Executive Director of Altus.

"In addition to our Acquisition, it is notable that TSX-listed [Nomad Royalty Company Ltd.](#), which has a market capitalisation of approximately C\$440 million, has recently agreed to purchase a further 0.351% NSR royalty interest on the Caserones mine, increasing their total effective NSR interest to 0.631%. The Nomad transaction underscores the strength of investor interest in this high quality royalty.

"Following this Acquisition, Altus will receive significant quarterly royalty income and will have long-term exposure to copper. We expect the demand for copper to remain strong in the years ahead, as the global economy seeks to decarbonise in parallel with continued infrastructure development, urbanisation and wealth creation in emerging markets.

"Altus is currently assessing a number of other potential royalty acquisitions globally, alongside our on-going royalty generation programmes in Africa. I look forward to updating shareholders on these activities in due course."

Final Closing of Caserones NSR

The SPV has agreed to purchase 43% of the issued and outstanding shares of an underlying royalty holder, Sociedad Legal Minera California Una de la Sierra Peña Negra ("SLM California"), through a Share Purchase Agreement with the 16 shareholders of SLM California and thereby acquire indirect ownership of 43% of SLM California's 1.944% NSR royalty interest in the Caserones property (i.e. a 0.836% NSR royalty interest, held as to 0.418% by Altus and 0.418% by EMX).

Under the First Closing announced on 23 August 2021, the SPV acquired 33% of SLM California for US\$52.3 million, representing approximately 76% of the NSR being acquired by the SPV. The second and final closing of the remaining 10% of the shares of SLM California has now completed and the final consideration of US\$15.9 has been paid by the SPV.

Altus expects the Caserones NSR will provide it with immediate and long-term cash flows, in line with its stated growth strategy.

Drawdown of Strategic Acquisition Facility from La Mancha

To finance the Acquisition, Altus has drawn down US\$29 million from the Facility with La Mancha, which holds a 35.08% interest in the Company. The balance of the consideration is being funded from the Company's existing cash on hand. Following the Acquisition, Altus has approximately GB£6.3 million / US\$8.7 million of cash on hand. The amount drawn down, and interest accrued, under the Facility will be repayable on 17 February 2022.

The Facility bears annualised interest at a rate of the three-month United States Dollar ("USD") London Inter-bank Offered Rate ("LIBOR") plus 7% for the first three months, and USD LIBOR plus 9% thereafter. The Facility is senior secured against the shares of Altus Royalties Limited, a 100% owned subsidiary of the Company, of which the only material asset is the shareholding in the SPV. The Facility incorporates an automatic prepayment provision which applies to future cash proceeds from equity capital raised by Altus. Interest will be payable on a quarterly basis. No break fees, early repayment fees or other fees are payable by Altus to La Mancha, or to any other party, in connection with the Facility.

Caserones Royalty Background

Compania Minera Caserones ("CMC") and SLM California originally staked the mineral claims that overlie the current Caserones deposit. The 2.88% Caserones NSR was created in a 2009 agreement ("Agreement") between Minera Lumina Copper Chile S.A. as purchaser and CMC and SLM California as the vendors of the Caserones claims. SLM California and CMC own a 67.5% and 32.5% share of the 2.88% royalty respectively equating to an attributable 1.94% NSR interest for SLM California. Under the Agreement, the NSR interest will be reduced to 2% and 1% if the London Metal Exchange ("LME") quoted copper price falls below

US\$1.25 and US\$1.00 per pound respectively. The LME copper price is currently US\$4.27/lb (as at 16 August 2021).

About the Caserones Mine

The Caserones mine is a large, open-pit porphyry copper-molybdenum deposit, located within a 17,000 hectare land package at an elevation of approximately 4,300m above sea level in the borough of Tierra Amarilla, in the Atacama region of northern Chile. The mine is approximately 15km from the border with Argentina, 162km southeast of the city of Copiapó and 800km north of the capital, Santiago.

Located at the southern end of the well documented Maricunga mineral belt, the geology of Caserones comprises an Early-Miocene porphyry system associated with a cluster of dacite porphyries and breccias intruding Palaeozoic granitic, volcanic, and metamorphic rocks. Caserones has a well-developed supergene enrichment profile of oxide copper and secondary chalcocite that overlies hypogene sulfide (chalcopyrite-molybdenite) mineralization.

The mine is owned and operated by Minera Lumina Copper Chile SpA, an indirect 100% owned subsidiary of JX Nippon Mining & Metals Corporation ("JX Nippon") of Japan. It produces copper and molybdenum concentrates from a conventional crusher, mill and flotation plant, as well as copper cathodes from a dump leach, solvent extraction and electrowinning plant.

The mine has been in operation for five years, following a capital investment of approximately US\$4.2 billion. It has a reported average waste to ore strip ratio of 0.47 and in 2020 reportedly produced 104,917 tonnes of copper and 2,452 tonnes of fine molybdenum in concentrates, as well as 22,056 tonnes of fine copper in cathodes. Caserones has 17 years of operation remaining under its current mine plan, along with excellent exploration potential. In a news release dated 9 November 2020, JX Nippon announced plans for "stepping up exploration efforts in areas around the mine" in an effort to expand production and further extend the mine life.

Qualified Person

The technical disclosure in this regulatory announcement has been approved by Steven Poulton, Chief Executive of Altus. A graduate of the University of Southampton in Geology (Hons), he also holds a Master's degree from the Camborne School of Mines (Exeter University) in Mining Geology. He is a Fellow of the Institute of Materials, Minerals and Mining and has over 20 years of experience in mineral exploration and is a Qualified Person under the AIM rules and NI 43-101.

For further information you are invited to visit the Company's website www.altus-strategies.com or contact:

Altus Strategies Plc	Tel: +44 (0) 1235 511 767
Steven Poulton, Chief Executive	E-mail: info@altus-strategies.com
SP Angel (Nominated Adviser)	
Richard Morrison / Adam Cowl	Tel: +44 (0) 20 3470 0470
SP Angel (Broker)	
Grant Barker / Richard Parlons	Tel: +44 (0) 20 3470 0471
Shard Capital (Broker)	
Isabella Pierre / Damon Heath	Tel: +44 (0) 20 7186 9927
Yellow Jersey PR (Financial PR&IR)	Tel: +44 (0) 20 3004 9512
Charles Goodwin / Henry Wilkinson	E-mail: altus@yellowjerseypr.com

About Altus Strategies Plc

Altus Strategies (AIM: ALS, TSX-V: ALTS & OTCQX: ALTUF) is a mining royalty company generating a diversified and precious metal focused portfolio of assets. The Company's differentiated approach of generating royalties on its own discoveries in Africa and acquiring royalties globally through financings and acquisitions with third parties, has attracted key institutional investor backing. The Company engages constructively with all stakeholders, working diligently to minimise its environmental impact and to promote positive economic and social outcomes in the communities where it operates. For further information, please visit www.altus-strategies.com.

Cautionary Note Regarding Forward-Looking Statements

Certain information included in this announcement, including information relating to future financial or operating performance and other statements that express the expectations of the Directors or estimates of future performance constitute "forward-looking statements". These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, without limitation, the completion of planned expenditures, the ability to complete exploration programmes on schedule and the success of exploration programmes. Readers are cautioned not to place undue reliance on the forward-looking information, which speak only as of the date of this announcement and the forward-looking statements contained in this announcement are expressly qualified in their entirety by this cautionary statement.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. The forward-looking statements contained in this announcement are made as at the date hereof and the Company assumes no obligation to publicly update or revise any forward-looking information or any forward-looking statements contained in any other announcements whether as a result of new information, future events or otherwise, except as required under applicable law or regulations.

TSX Venture Exchange Disclaimer

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organisation of Canada accepts responsibility for the adequacy or accuracy of this release.

Market Abuse Regulation Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

[Altus Strategies Plc](#) / Index (EPIC): AIM (ALS) TSX-V (ALTS) OTCQX (ALTUF) / Sector: Mining

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<https://www.rohstoff-welt.de/news/393017--Altus-Strategies-Plc--Final-Closing-of-Cash-Paying-Royalty-on-Caserones-Copper-Mine-in-Chile.html>

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