

Galane Gold Ltd. Announces Execution of Definitive Agreements for the Disposition of Its Mupane Property

07.02.2022 | [GlobeNewswire](#)

TORONTO, Feb. 07, 2022 - [Galane Gold Ltd.](#) ("Galane Gold" or the Company") (TSX-V: GG; OTCQB: GGGOF) today announces that it has entered into definitive agreements to sell its Mupane gold mine in Botswana (the "Mupane Property") to Hawks Mining Company Proprietary Limited (the "Purchaser"), a company registered under the laws of Botswana and owned by certain individuals forming part of the Company's local Botswana management team (the "Transaction").

The board of directors (the "Board") and management of Galane, as part of its continuing review of the strategy of the Company going forward, has concluded that the Transaction aligns with its long-term goal to be a low-cost producer that can generate positive cash flows through the various cycles of the gold market. With the near completion of the mining of the Tau ore body and the transition to the mining of Golden Eagle, there is a need to restructure operations at the Mupane Property both operationally and financially. Upon review by the Board, it was decided that the Company's resources will be better utilised by increasing production at Galaxy, and restarting operations at the Summit Mine. Based on the financial statements of the Company as at September 30, 2021, Mupane represented approximately 5% of the net value of the total assets less the total liabilities of the Company.

The Transaction is structured as a sale of all of the issued and outstanding shares of the Company's Botswana subsidiaries which own the Mupane Property and related claims namely Mupane Gold Mining Proprietary Limited, Galane Gold Botswana Proprietary Limited and Southern Cross Exploration and Development Proprietary Limited. The aggregate consideration to be paid by the Purchaser is a nominal amount. In addition, as part of the Transaction, the Company has agreed to cede its rights, title and interest in certain claims it has on loan accounts against the Botswana subsidiaries through cession agreements entered into with the Purchaser. On the closing of the Transaction, the Company will have no further rights or financial obligations relating to Mupane.

"Mupane has been the cornerstone of Galane since we commenced operations in 2011, and the decision to sell it to the local management team represents a sensible conclusion for both parties. Mupane needs to transition into a smaller producer, restructuring its operations and finances to match its projected cash flows. We believe that the local management team has the skills required and will have the support of the Botswana Government to achieve this. For Galane Gold, the restructured Mupane does not fit our long-term goals. Our current focus needs to be on the expansion of Galaxy and the recommencement of operations at the Summit Mine," said Nick Brodie, Chief Executive Officer.

Ravi Sood, the Chairman of Galane Gold, said in addition, "Our experience with Mupane in Botswana over the past 11 years has been outstanding in every respect. While we are sad to be leaving such a constructive and progressive country, we are very pleased to be part of a transaction that will result in one of the largest businesses in the country becoming wholly-owned by the local management team."

Closing of the Transaction is expected towards the end of the first quarter of 2022 and is subject to various conditions, including, but not limited to, the execution of transition services agreements with respect to certain obligations of each party to the Transaction for the interim period prior to the Closing and for 12 months following Closing, approval of governmental and regulatory authorities, including the Botswana Ministry of Mineral Resources, Green Technology and Energy Security and the TSX Venture Exchange (the "TSXV"), and other customary closing conditions.

About Galane Gold

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements

in Botswana, South Africa and New Mexico. Galane Gold is a public company and its shares are quoted on the TSXV under the symbol "GG" and the OTCQB under the symbol "GGGOF". Galane Gold's management team is comprised of senior mining professionals with extensive experience in managing mining and processing operations and large-scale exploration programmes. Galane Gold is committed to operating at world-class standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates.

Cautionary Notes

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the closing of the Transaction, satisfaction of the closing conditions to the Transaction, obtaining customary governmental, regulatory and stock exchange approvals including that of the TSXV for the Transaction, the Company being a low-cost producer and generating positive cash flows through the various cycles of the gold market, technical, financial and business prospects of the Company, future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; risks related to restarting production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Neither the TSXV nor its regulation services provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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<https://www.rohstoff-welt.de/news/406452--Galane-Gold-Ltd.-Announces-Execution-of-Definitive-Agreements-for-the-Disposition-of-Its-Mupane-Property.html>

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