

Zacatecas Silver to Acquire the Advanced Stage and High Grade Oxide Gold Esperanza Project from Alamos Gold Inc.

28.02.2022 | [CNW](#)

VANCOUVER, Feb. 28, 2022 - [Zacatecas Silver Corp.](#) ("Zacatecas Silver" or the "Company"), (TSX Venture: ZAC) (OTC Markets: ZCTSF) (Frankfurt: 7TV) is pleased to announce that it has entered into a share purchase agreement dated February 28, 2022 (the "Share Purchase Agreement") with Minas De Oro Nacional, S.A. De C.V. ("Minas De Oro"), a subsidiary of Alamos Gold Inc. ("Alamos"), to acquire the advanced stage Esperanza Gold Project, located in Morelos State, Mexico (the "Transaction").

Highlights:

- Esperanza Gold Project is a high-grade oxide gold deposit with scalable upside.
- Historic measured and indicated resource of 34,352,000 tonnes at 0.98 g/t gold and 8.09 g/t silver for 1,084,000 ounces of gold and 8,936,000 ounces of silver and inferred resource of 718,000 tonnes at 0.80 g/t gold and 15.04 g/t silver for 18,000 ounces of gold and 347,000 ounces of silver (see below for details).
- Priority to prepare an updated resource estimate in 2022 and complete a current economic study on the Esperanza Gold Project based on the updated resource estimate.
- To date, significant core and reverse circulation drilling has occurred at the Esperanza Gold Project resulting in a total of 389 drill holes for 69,716 metres of drilling.
- Alamos becomes significant cornerstone shareholder of Zacatecas Silver.

The Esperanza Gold Project as an attractive low-cost, low capital intensity, and low technical risk growth project located in Morelos State, Mexico. Alamos has advanced the project through advanced engineering, including metallurgical work, while also focussing on stakeholder engagement including building community relations.

Through the completion of this transaction, the Esperanza Gold Project will receive the full focus and attention of a proven team of mine builders and financiers while also providing Alamos significant potential upside as the Project is developed with Alamos being a large shareholder of Zacatecas Silver.

The total consideration of the transaction is approximately USD \$60 million with most of the payments not made until significant steps towards commercial production are achieved. The initial consideration consists of USD \$5 million in cash, USD \$10 million in Zacatecas Silver shares and a silver stream in favour of Alamos valued at USD \$6 million.

Bryan Slusarchuk, Chief Executive Officer of Zacatecas Silver comments, "This is a transformational transaction for our company. Prior to entering into this agreement with Alamos, we have been advancing an excellent silver project with a current resource and significant exploration upside. Zacatecas has a great shareholder base and an excellent share structure with just 53 million shares issued and outstanding. Emerging from this transaction with Alamos, we maintain ownership of our current silver projects but will now also have an advanced stage, high-grade, low cost gold project with a clear path to permits and production. This is among the highest grade oxide gold development stage projects in the world of this size, and we look forward to working with all stakeholders to advance the project into production."

We are also exceptionally pleased that Alamos has expressed confidence in the project and the technical team via their share ownership in Zacatecas Silver. I've been fortunate to have been involved transacting with large gold companies in the past on divestitures and this has created some outstanding wins for shareholders. In this case, we appreciate the fact that Alamos will become an important shareholder of the Company as we move the project forward."

In conjunction with this transaction, Zacatecas Silver has arranged a CAD \$15 million private placement

financing to increase the size of our treasury as we satisfy the initial USD \$5 million cash consideration, begin advancing Esperanza towards production, fund the ongoing drill program at the Company's existing silver project and general working capital.

Dr. Chris Wilson, Chief Operating Officer and a Director of Zacatecas Silver comments, "Our acquisition of the Esperanza Gold Project is a tremendous step in moving Zacatecas Silver towards becoming a serious precious metals producer. The Esperanza Gold Project represents one of the best undeveloped open pit deposits in Mexico and will complement our high-grade silver resource Zacatecas Properties. This is extremely exciting for a technical team and all shareholders of Zacatecas Silver."

Esperanza Gold Project

The Esperanza Gold Project is an advanced stage, low technical risk growth project located in Morelos State, Mexico.

Alamos has reported a resource estimate of a measured and indicated resource of 34,352,000 tonnes at 0.98 g/t gold and 8.09 g/t silver for 1,084,000 ounces of gold and 8,936,000 ounces of silver and inferred resource of 718,000 tonnes at 0.80 g/t gold and 15.04 g/t silver for 18,000 ounces of gold and 347,000 ounces of silver. The Company has not independently verified this resource estimate and is not treating this resource estimate as a current resource. See below for further details.

To date, significant core and reverse circulation drilling has occurred at the Esperanza Gold Project resulting in a total of 389 drill holes for 69,716 metres. Four targets adjacent to or close to the historical resource were identified to expand the historical resource. The project also hosts seven regional targets that also merit drill testing.

Mineralization at the Esperanza Gold Project is associated with the intrusion of a stock of Granodiorite composition into the carbonate rocks of Guerrero-Morelos Platform, specifically the rocks of Xochicalco Formation. Spatially related to the intrusive contact with the carbonate rocks are varying degrees of skarn and marble development. Intruded by the granodioritic stock are the limestone of the Xochicalco Formation of Aptian age (early Cretaceous), that have beds of varying thickness from very thin to medium. Primary mineralization consists of gold, and to a lesser extent silver, associated with the skarn zones spatially related to the intrusive.

Based on previous preliminary assessments completed by previous owners, the Company anticipates that the project would be amenable to a conventional open pit, heap leach operation with two-stage crushing. Crushed material would be conveyed to the leach pad and irrigated with dilute cyanide solution. Gold will be recovered from pregnant solutions utilizing carbon adsorption, subsequent electrowinning and on-site smelting to produce gold and silver doré bars.

The Company plans to carry out an extensive work program to prepare an updated resource estimate, undertake economic studies on the project, and conduct an infill drill program on the deposit as well as drilling on nearby exploration targets.

Terms of the Transaction

Under the terms of the Share Purchase Agreement, Zacatecas Silver has agreed to acquire all the issued and outstanding shares of Esperanza Silver de Mexico, S.A. de C.V. ("Esperanza Mexico"), which holds title to the Esperanza Gold Project. In consideration of Esperanza Mexico, Zacatecas has agreed to pay Minas de Oro US \$5,000,000 and issue a total of 12,140,000 common shares of Zacatecas Silver at a price of \$1.05 per share for a deemed value of US \$10,000,000 (the "Consideration Shares") on closing of the Transaction. Upon satisfaction of these payments and entering into the silver stream agreement, Zacatecas Silver will be transferred 100% ownership of Esperanza Mexico.

The Share Purchase Agreement further provides that Zacatecas Silver will make certain contingency payments (the "Contingent Payments") upon key milestones being accomplished in developing the Esperanza Gold Project.

- (a) pay US \$5,000,000 within sixty (60) days after approval of an Environmental Impact Assessment Report by the applicable governmental authorities (the "EIA Payment")
- (b) Pay US \$14,000,000 within 60 days of the earlier of (i) completion of a feasibility study on the Esperanza Gold Project or (ii) Zacatecas Silver announcing its decision to commence construction of a mine on the Esperanza Gold Project (the "FS Payment")
- (c) Pay US \$20,000,000 within 180 days after commencement of commercial production on the Esperanza Gold Project (the "Production Payment").

Zacatecas Silver may, at its sole election, satisfy up to 50% of the Contingent Payments by issuing shares at a price equal to the 10 day VWAP prior to the issuance of such shares provided that such share issuance does not cause Alamos to exceed 19.99% of the issued and outstanding shares of Zacatecas Silver (on a partially diluted basis).

Zacatecas Silver has also agreed to incur US \$7,500,000 in expenditures to advance the Esperanza Gold Project over the next three years, excluding G&A (the "Expenditure Commitment"). If Zacatecas Silver fails to meet the Expenditure Commitment, an amount equal to the shortfall will be added to the next Contingent Payment.

On closing of the Transaction, the parties will also enter into a stream agreement that will provide that Alamos may purchase up to 20% of any silver produced from the Esperanza Gold Project with a transfer price of 20% of the market price payable to Zacatecas Silver. The silver stream is limited to 500,000 ounces of silver. The stream agreement contemplates an amount of US \$6,000,000 that will be credited to the purchase price under the Share Purchase Agreement.

In recognition of Alamos being a significant shareholder of Zacatecas Silver, Alamos and Zacatecas Silver will enter into an investor rights agreement that will provide, among other things, a board position to Zacatecas Silver and a right of first refusal to maintain its share position on any future financings. Pursuant to the terms of the investor rights agreement that will be entered into on the closing of the Transaction, the Consideration Shares will be subject to the following voluntary restrictions on resale: (i) 33% will be restricted for a period of six months from closing of the Transaction, (ii) an additional 33% will be restricted for a period of twelve months from closing of the Transaction, and (iii) 34% will be restricted for a period of eighteen months from closing of the Transaction.

Zacatecas Silver will also pay a finder's fee of US \$500,000 on closing of the Transaction. The Share Purchase Agreement and the transactions contemplated therein are subject to customary conditions for transactions of similar size, completion of the Financing by Zacatecas Silver and approval of the TSX Venture Exchange.

Private Placement Financing

As part of the Transaction, Zacatecas Silver will complete a brokered private placement of up to 13,636,364 subscription receipts (a "Subscription Receipt") at a price of \$1.10 per Subscription Receipt for total proceeds of up to \$15,000,000 (the "Offering"). The Subscription Receipts will be convertible into units (each a "Unit") upon satisfaction of the closing conditions of the Transaction. Each Unit will consist of: (i) one common share (each a "Common Share"), and (ii) one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder purchase a Common Share at an exercise price of \$1.50 for a period of 24 months following closing of the Offering. The lead agent will be announced by the Company in a subsequent news release.

Zacatecas Silver intends to use the net proceeds of the offering for the acquisition, exploration and development of the Esperanza Gold Project, exploration of the Zacatecas Properties and for general working capital purposes.

Closing of the Offering is subject to regulatory approval including that of the TSX Venture Exchange.

The securities being offered have not, nor will they be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons in the absence of U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

Qualified Person

The contents of this news release have been reviewed and approved by Chris Wilson, B.Sc. (Hons), PhD, FAusIMM (CP), FSEG, Chief Operating Officer of Zacatecas Silver. Dr. Wilson is a Qualified Person as defined by NI 43-101 and is responsible for all technical information in this news release.

Alamos Resource Estimate

Alamos reported in its most recent annual information form a resource estimate of a measured and indicated resource of 34,352,000 tonnes at 0.98 g/t gold and 8.09 g/t silver for 1,083,366 ounces of gold and 8,936,201 ounces of silver and inferred resource of 718,000 tonnes at 0.80 g/t gold and 15.04 g/t silver for 18,375 ounces of gold and 347,192 ounces of silver. The Company considers this to be an historical resource for the purposes of National Instrument 43-101. Resource blocks were defined using with dimensions of 10 x 10 x 5 m. The estimation of grades was performed with the ordinary kriging method on capped composites. An added step in the estimation strategy was the utilization of the dynamic anisotropy technique in Vulcan's unfolding options. This added capability allows for a more realistic outcome of the estimated grade's spatial distribution as it follows the folded shape of the deposit. Assumptions used in the resource include the following metal prices: gold price of US \$1,400/oz and silver price of US \$22/oz. The resource assumed the following economic assumptions: recovery of 60.4% at 0.2 g/t to 71.9% at 1.6 g/t for gold, 25% for silver, \$2.60/t mining costs, \$0.64/t General and Administrative costs, \$4.20/t milling costs and a pit slope of 45 degrees. The Company considers the resource relevant due to its identification and modelling of the Esperanza deposit.

The Company has not done sufficient work to classify the resource as a current mineral resource or mineral reserves, and the Company is not treating the historical estimate as current mineral resources or mineral reserves. Although the resource estimate is considered reliable, the Company will re-sample a portion of the drill core for the purpose of carrying out a new resource estimate. Further, additional data verification including resurveying of select diamond drill holes collars; review of graphic drill core logs, comparison of these logs with remaining half-cut core, and a cross-check of select geological logs against database entries; and a check of original assay certificates against the assays and drill hole database.

Advisors

Osler, Hoskin & Harcourt LLP is acting as legal advisor to Zacatecas Silver. Haywood Securities Inc. is acting as financial advisor to Alamos, with Torys LLP acting as legal advisor to Alamos.

About Zacatecas Silver Corp.

The Zacatecas Silver property is in Zacatecas State, Mexico, within the highly prospective Fresnillo Silver Belt, which has produced over 6.2 billion ounces of silver. The company holds 7,826 ha (19,338 acres) of ground that is highly prospective for low and intermediate sulphidation silver-base metal mineralization and potentially low sulphidation gold-dominant mineralization. On December 15, 2021, Zacatecas announced a mineral resource estimate at the Panuco Deposit consisting of 2.7 million tonnes at 187 g/t AgEq (171 g/t Ag and 0.17 g/t Au) for 16.4 million ounces AgEq (15 million ounces silver and 15 thousand ounces gold) (see news release dated December 15, 2021).

The property is 25 km south-east of MAG Silver Corp.'s Juanicipio Mine and Fresnillo PLC's Fresnillo Mine. The property shares common boundaries with [Pan American Silver Corp.](#) claims and El Orito which is owned by Endeavour Silver. There are four main high-grade silver target areas within the Zacatecas concessions: the Panuco Deposit, Muleros, El Cristo and San Manuel-San Gill. The Property also includes El Oro, El Orito, La Cantera, Monserrat, El Peñón, San Judas and San Juan silver-base metal vein targets. These targets are relatively unexplored and will be the focus of rapid reconnaissance.

About Alamos Gold Inc.

Alamos is a Canadian-based intermediate gold producer with diversified production from three operating mines in North America. This includes the Young-Davidson and Island Gold mines in northern Ontario, Canada and the Mulatos mine in Sonora State, Mexico. Additionally, the Company has a significant portfolio of development stage projects in Canada, Mexico, Turkey, and the United States. Alamos employs more than 1,700 people and is committed to the highest standards of sustainable development. The Company's shares are traded on the TSX and NYSE under the symbol "AGI".

On behalf of the Company
Bryan Slusarchuk
Chief Executive Officer and Director

Forward-Looking Statements

Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. Zacatecas Silver cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by many material factors, many of which are beyond their respective control. Such factors include, among other things: risks and uncertainties relating to Zacatecas Silver's limited operating history, its proposed exploration and development activities on its Zacatecas Properties and the need to comply with environmental and governmental regulations. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, Zacatecas Silver does not undertake to publicly update or revise forward-looking information.

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

SOURCE [Zacatecas Silver Corp.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/408418--Zacatecas-Silver-to-Acquire-the-Advanced-Stage-and-High-Grade-Oxide-Gold-Esperanza-Project-from-Alamos-Gold>

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