

Classic Minerals Limited: Secures \$10 million to take Kat Gap to Production

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Perth, Australia - [Classic Minerals Ltd.](#) (ASX:CLZ) is pleased to announce that it has entered into a binding terms sheet with Goldvalley Brown Stone Pty Ltd (Goldvalley), pursuant to which Goldvalley, a member of the Gold Valley group of companies, will provide funding for Classic's 100% owned Kat Gap gold project (Terms Sheet).

Key terms

The key terms of the Terms Sheet are as follows:

1. Classic will supply Kat Gap ore containing its current ~90,000 oz mineral resource (see CLZ announcement dated 20 April 2020 and confirmation below).
2. Goldvalley will provide up to \$10 million in non-recourse funding for the extraction and processing of Kat Gap ore.
3. The parties will share the net profits from gold production (i.e. revenues less cost of production) on the basis of:
 - (a) Classic - 70%; and
 - (b) Goldvalley - 30%.
4. The Terms Sheet is conditional on:
 - (a) completion of satisfactory due diligence;
 - (b) Goldvalley having entered into a binding agreement with the owner of a registered gold mill to toll-treat ore from Kat Gap, details of which will be announced to the market on execution of the agreement;
 - (c) Classic obtaining any statutory approvals required; and
 - (d) the parties entering into a formal financing agreement (Financing Agreement) within 120 days of signing the Terms Sheet.

Either party may terminate the Terms Sheet in the event that its due diligence investigations are not satisfactory or if the Financing Agreement has not been executed within 120 days.

Confirmation

Full details of the Kat Gap gold project Mineral Resource estimate are provided in the Company's ASX announcement dated 20 April 2020 and entitled "93,000 oz Inferred Mineral Resource at Kat Gap". The Company confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and the Company confirms that all material assumptions and technical parameters underpinning the mineral resource estimates in that market announcement continue to apply and have not materially changed.

Funding arrangements

Goldvalley has agreed to provide funding for the extraction and processing of ore in sequential parcels of 100,000 tonnes, with the revenues generated from processing being available to fund each following parcel. The initial funding will be provided over a 12-month period and the orebody will be mined under this arrangement until a production cap of 500,000 tonnes (with a minimum average grade of 2.85 g/t) has been mined and processed. The funding will be provided by Goldvalley, and sourced from its other business operations, in a manageable and orderly manner.

Classic's due diligence and detailed discussions with Goldvalley have confirmed that this arrangement will be one where both parties can meet their commitments. The Board considers that Goldvalley, being part of the

Gold Valley group of companies which has a number of successful businesses, has the demonstrated capacity to meet its funding obligations. Classic notes that the funding is unsecured and non-recourse to the extent that Goldvalley's funding can only be repaid out of revenues derived from processing Kat Gap ore.

Classic anticipates that the mining and processing operations contemplated under the Terms Sheet will be completed by mid-2024.

Statutory approvals

On 20 July 2022, the Company lodged its Project Management Plan with DMIRS. Approval of the plan, which is expected imminently, will allow for the commencement of mining operations at Kat Gap to be undertaken by contractors engaged and managed by Classic following execution of the Financing Agreement.

Classic Chairman John Lester commented: "The Kat Gap project has reached an exciting stage with a clear path to mining and processing of gold now laid out, which will bring benefits to shareholders." He said: "We have begun the transition from Explorer to Producer and Shareholder patience will be rewarded". Mr Lester emphasised that with Goldvalley as a partner, funding the extraction and processing of ore, Classic is provided with a low capital way forward whilst retaining a solid proportion of the profits and avoiding dilution. He said it has always been the Company's strategy to retain control of the project and ensure greatest shareholder benefits "Classic's development finance strategy is to reach earliest possible production at a low Capex whilst minimising dilution and maximising shareholder value," he said. "This pathway provides revenue generation while final approvals for Classic's Gekko modular and scaleable gold processing plant is awaited," Mr Lester said.

Commenting, Yuzheng Xie, managing director of Goldvalley said:

"I look forward to working with Classic in an exciting West Australian gold project. The agreement with Classic fosters the advancement of an exciting project in progressing from the exploration phase through to mining and processing. Classic has carefully developed a very worthy gold project and coupled with Goldvalley's expertise in mining and marketing, the project now has the attributes to bring it to fruition.

We have the demonstrated competencies to move Kat Gap forward and look to getting on with the job."

*To view tables and figures, please visit:
<https://abnnewswire.net/Ink/D235A6NO>

About Classic Minerals Limited:

[Classic Minerals Ltd.](#) (ASX:CLZ) is an exploration and development company focused on gold deposits in Western Australia's famous Goldfields region. In March 2017, Classic acquired the Forrestania Gold Project, with seven tenements stretching across 450km². Strategically located in a very prospective region, the FGP is an underexplored package surrounded by multimillion ounce deposits such as Bounty (2Moz) and Yilgarn Star (1.5Moz).

Source:

[Classic Minerals Ltd.](#)

Contact:

[Classic Minerals Ltd.](#) T: +61-8-6305-0221 E: contact@classicminerals.com.au WWW:
www.classicminerals.com.au

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