

Honey Badger Silver Update: Constructive Amendments to Terms for the Proposed Acquisition of the Cachinal Silver Deposit in Chile

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Toronto, January 11, 2023 - [Honey Badger Silver Inc.](#) (TSXV: TUF) ("Honey Badger" or the "Company") is pleased to announce certain constructive amendments to the previously announced (see the Company's news release dated June 10, 2022) non-binding term sheet (the "Term Sheet") signed on June 9, 2022, with [Aftermath Silver Ltd.](#) ("Aftermath"), with regards to the potential acquisition by the Company of a 100% interest in the Cachinal De La Sierra Silver-Gold Project (the "Cachinal Project" or "Cachinal"), located in the Cachinal de la Sierra area in Chile's Antofagasta region (Region II), from Aftermath.

In connection with the amendments to the Term Sheet, the exclusivity period has been extended by the parties to enter into definitive documentation relating to the proposed acquisition of the Cachinal Project to February 15, 2023. Except as summarized below, all other terms remain the same as was originally set out in the Term Sheet and disclosed in the Company's June 10, 2022 announcement.

Chad Williams, the Company's Non-Executive Chairman and Director, commented, "We are pleased with the modifications to the non-binding term sheet with Aftermath relating to the acquisition of Cachinal, and we extend our thanks to Aftermath for their commitment to constructive negotiations and what we expect will be a mutually beneficial transaction. We look forward to finalizing the definitive agreement in the coming weeks and, if definitive documentation is executed, we expect the transaction to close in a timely manner thereafter, subject to regulatory approval and satisfaction or waiver, as applicable, of customary closing conditions."

Rationale for Transaction

The proposed acquisition of Cachinal by Honey Badger is expected to create significant shareholder value and deliver multiple benefits for Honey Badger shareholders, namely:

- Adds NI 43-101 compliant 16.39 million ounces silver in the Indicated category and 2.48 million ounces silver in the Inferred category⁽¹⁾
- Accretive transaction with an expected acquisition cost of \$0.27/oz of silver, providing shareholders with significant leverage to increasing silver prices
- Excellent potential for material resource growth at depth targeting high-grade feeder structures
- Potential to unlock local synergies with industry players and generate near-term cash flows by leveraging possible excess mill capacity at the nearby Guanaco gold-silver mine complex, just 16 road kilometers to the south of Cachinal.

The Cachinal acquisition, if completed, would mark an important milestone for Honey Badger, as it is expected to meaningfully expand the Company's silver resource base, complementing its portfolio of high-grade, district scale silver properties in the Yukon.

Amended Payment Terms:

- At closing, it is expected that Honey Badger will issue common shares to Aftermath having a value of C\$1,000,000 at a deemed price per share equal to the greater of: (a) a minimum share price of C\$0.05 per share⁽²⁾; or (b) at the volume weighted average price ("VWAP") of Honey Badger's common shares trading on the TSX Venture Exchange (the "TSXV") for a period of thirty (30) days immediately preceding the closing; or (c) the maximum discounted price allowed under the policies of the TSXV. This represents approximately 10% of Honey Badger's shares outstanding post-transaction, if shares are issued at C\$0.05/share. In addition, Honey Badger is expected to pay C\$652,000 in cash on closing.
- Additional cash payments are expected to be made in three subsequent payments, with Honey Badger expected to have the option to satisfy such payments in cash or by the issuance of additional common shares at a deemed price per share equal to the greater of (a) a minimum share price of C\$0.05 per share⁽²⁾; or (b) at the volume weighted average price ("VWAP") of Honey Badger's common shares trading on the TSX Venture Exchange (the "TSXV") for a period of thirty (30) days immediately preceding the date on which the payment is due; or (c) the maximum permitted discount to "market price" under the policies of the TSXV. The subsequent cash payments are expected to be as follows:
 - C\$200,000 by May 31st, 2023
 - C\$400,000 by March 31, 2024
 - C\$400,000 by September 31, 2024
- Hold Period: In addition to any hold periods imposed by applicable securities laws, the shares of Honey Badger to be issued to Aftermath (the "Consideration Shares") are expected to be subject to the following restrictions on transfer, subject to customary exceptions (the "Holding Period"): (i) 50% of the number of the shares issued as part of the share consideration shall have a contractual hold period expiring six months and one day from the date of issuance, and (ii) the remaining 50% of the shares issued as part of the share consideration shall have a contractual hold period expiring twelve-months and one day from the date of issuance. The foregoing restrictions will be set out in a lock-up agreement that the parties will enter into as part of closing, which will include customary covenants regarding dealings with the Consideration Shares subject to the Holding Period, including: (i) voting support and standstill covenants during the period in which Consideration Shares are subject to the Holding Period; and (ii) limiting the number of shares that may be sold following the expiry of the Holding Period, in each case on reasonable terms and conditions agreed by the parties, each acting reasonably.
- It is expected that, upon commencement of commercial production at Cachinal, Honey Badger shall pay, in cash or shares at Aftermath's option, C\$0.50 per payable silver ounce produced at the Cachinal Project, capped at C\$2,500,000 in payments.

The proposed acquisition of the Cachinal Project remains subject to negotiation and finalization of definitive documentation and, if definitive documentation is entered into, the completion of the transaction will be subject to customary closing conditions for transactions of this nature. The transaction (including any issuance of common shares of the Company resulting therefrom) will also be subject to approval by the TSX Venture Exchange. No assurance can be given that the parties will enter into definitive documentation relating to the acquisition of the Cachinal Project, or that the terms of such transaction may not be further revised, or if definitive documentation in respect of a transaction is entered into by the parties, that the transaction will be completed in the manner anticipated by the parties, or at all.

Notes:

(1) Notes on the Cachinal Mineral Resource Estimate:

- For complete details on the Cachinal Mineral Resource estimate, please refer to the NI 43-101 technical report titled "Independent Technical Report for the Cachinal Silver-Gold Project, Region II, Chile", by Qualified Persons G. Cole, (P.Geo) of SRK Consulting (Canada) Inc. and S. Alvarado Casas, of Geoinvest SAC E.I.R.L. (Chile), dated September 11, 2020 with an effective date of August 10, 2020, filed on the Aftermath Silver SEDAR profile.
- Cachinal mineral resources were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).

- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- All figures have been rounded to reflect the relative accuracy of the estimates.
- Cut-off grades are based on metal price assumptions of US\$22.00 / ounce of silver and US\$1,550 / ounce of gold, and metallurgical recoveries of 85% for both silver and gold using milling and cyanide leaching.
- The portion of the Mineral Resources that has been determined to be amenable to extraction through open-pit methods was reported to a cut-off of 30 g/t silver equivalent.
- The open-pit Mineral Resource is constrained within Lerchs-Grossman optimised pit shells that assume mining dilution & losses of 2.5%, 50-degree overall slope angles, mining costs of \$2/t rock, general and administrative costs of \$2/t rock, processing costs of US\$15/t for processing using milling and cyanide leaching.
- The portion of the Mineral Resources deemed to be amenable to extraction through underground methods are reported at a cut-off of 150 g/t silver equivalent. This assumes a mining cost of US\$90/t, general and administrative costs of \$2/t and a processing costs of US\$15/t.

(2) The deemed price per share shown is based on a pre-consolidated basis in reference to Honey Badger's proposed share consolidation announced on December 16, 2022 (the "Consolidation"). If the closing occurs after the effectiveness of the Consolidation, then the deemed price per share at which the closing share consideration will be issued will be adjusted accordingly.

ON BEHALF OF THE BOARD

Chad Williams

Director and Non-Executive Chair

About Honey Badger Silver Inc.

Honey Badger Silver is a Canadian Silver company based in Toronto, Ontario focused on the acquisition, development and integration of accretive transactions of silver ounces. The company is led by a highly experienced leadership team with a track record of value creation backed by a skilled technical team. With advanced projects in the southeast and south-central Yukon including the Plata property 180 kms to the east of the Keno Hill silver district, and a dominant land position in Ontario's historic Thunder Bay Silver District, Honey Badger Silver is positioning to be a top-tier silver company.

For more information, please visit our website above, or contact:

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

Cautionary Note Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates, projections and interpretations as at the date of this news release. The information in this news release and any other information herein that is not a historic fact may be "forward-looking information". Forward-looking information are often identified by terms such as "may", "should", "anticipate", "will", "estimates", "believes", "intends", "expects", and similar expressions which are intended to identify forward-looking information as such. More particularly and without limitation, this news release contains forward-looking information concerning the proposed acquisition by the Company of the Cachinal Project, the proposed amended consideration of such acquisition, and the ability of the parties thereto to complete the negotiation of definitive documentation and consummate the proposed transaction on the terms and timelines anticipated. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, no assurance

can be given that such events will occur in the disclosed timeframes or at all. The Company cautions that all forward-looking information is inherently uncertain, and that actual performance may be affected by a number of material factors, assumptions and expectations, many of which are beyond the control of the Company, including: risks relating to failing to negotiate the definitive documentation concerning the proposed acquisition of Cachinal on the terms expected or at all; risks relating to inability to secure necessary third-party consents or regulatory or other governmental approvals on a timely basis, or at all; general political risks and risks relating to changing laws, risks inherent with uncertain economic conditions, among other risks and uncertainties. Accordingly, the reader is cautioned not to place undue reliance on any forward-looking information contained in this news release. The forward-looking information contained in this news release are made as of the date hereof, and the Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

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