

# ATAC Resources Ltd. Announces Letter of Intent with Hecla Mining Company

21.02.2023 | [CNW](#)

VANCOUVER, Feb. 21, 2023 - [ATAC Resources Ltd.](#) ("ATAC") (TSXV: ATC) (OTCQB: ATADF) is pleased to announce that it has signed a non-binding Letter of Intent (the "LOI") with [Hecla Mining Company](#) ("Hecla") (NYSE:HL) respecting a proposed transaction pursuant to which Hecla will acquire all of the issued and outstanding shares of ATAC for C\$0.14 per ATAC Share, payable in shares of Hecla common stock (the "Proposed Transaction"). ATAC shareholders will also receive shares in Spinco, an exploration company ("Spinco") which will hold all of ATAC's rights and interests with respect to the Idaho Creek, Catcher and PIL projects (the "Spinco Assets") as well as ATAC's cash balance following completion of the Proposed Transaction.

Pursuant to the LOI, Hecla intends to make a C\$2.0 million strategic investment (the "Strategic Investment") into Spinco, which Hecla will acquire (i) a right of first refusal ("ROFR") to acquire any or all of the Spinco Assets, and (ii) a number of Spinco (the "Spinco Units") such that it will own 19.9% of Spinco's issued and outstanding common shares following completion of the Strategic Investment. Each Spinco Unit will contain one common share of Spinco (a "Spinco Share") and a warrant (a "Spinco Warrant"). Each Spinco Warrant will entitle Hecla to purchase one additional Spinco Share for a period of five years at the same price as a Spinco Unit.

The Proposed Transaction represents consideration to ATAC shareholders of C\$31 million in Hecla shares and a value of approximately C\$8 million in Spinco shares based on Hecla's C\$2 million placement<sup>1</sup>. ATAC's Board and Management believe the opinion that the Proposed Transaction is in ATAC's best interests. The Hecla shares contemplated to be received provide ATAC shareholders with a premium of 66% based on ATAC's 20-day volume-weighted average price of C\$0.0845 as of February 17, 2023, or a 109% premium when including the value of Spinco.

"We believe the Potential Transaction will provide significant value to ATAC shareholders. Hecla is an ideal acquirer for the Rackla Gold Property, given its adjacent Keno Hill mining project and demonstrated commitment to the Yukon and its communities. As an established and successful multi-asset producer, Hecla has the resources, strengths and experience to meaningfully advance the known targets at Rackla and Connaught," stated ATAC president and CEO, Graham Downs. "The spin-out of a new copper-focused exploration company provides additional value to shareholders. With the foundation of the existing copper assets, Spinco will be well positioned to aggressively explore for copper - a key critical metal - throughout the Yukon and Yukon. We look forward to working with the Hecla team to negotiate a binding agreement for the Proposed Transaction and in partnership subsequently advance the new Spinco."

The LOI is effective from February 17<sup>th</sup>, 2023, until the earlier of (i) the execution of a definitive and binding agreement in connection with the Proposed Transaction (the "Definitive Agreement"), and (ii) March 15<sup>th</sup>, 2023. The LOI includes customary provisions, including an exclusivity period for its duration. The final structure of the Proposed Transaction will be governed by the terms of the Definitive Agreement. The LOI does not create a binding agreement with Hecla for the Proposed Transaction and there is no assurance that ATAC and Hecla will reach agreement on the terms of the Definitive Agreement as set out in the LOI or at all. In addition to the parties entering into the Definitive Agreement, completion of the Proposed Transaction is subject to, among other conditions, satisfactory completion of due diligence, voting support of key shareholders, shareholder approval and TSX Venture Exchange approval.

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1) C\$8.1 million value of Spinco received by ATAC shareholders is calculated by multiplying the implied equity capitalization of Spinco of \$10.05 million, based on Hecla's investment of \$2 million to receive a 19.9% basic interest in Spinco, by 80.1% interest in Spinco received by ATAC shareholders.

## Advisors and Counsel

Agentis Capital Mining Partners is acting as financial advisor to ATAC with regard to the Proposed Transaction. Stikeman Elliott LLP is acting as legal counsel to ATAC.

## About ATAC

ATAC is a Canadian exploration company focused on exploring for gold and copper in Yukon, BC and Nevada. Work on

~1,700 km<sup>2</sup> Rackla Gold Property in Yukon has resulted in the Osiris Deposit Indicated Resource of 732,000 oz of gold g/t (in 5.5 Mt) and Inferred Resource of 1,044,000 oz of gold at 3.47 g/t (in 9.4 Mt), the Tiger Deposit Measured & Indicated Resource of 464,000 oz of gold at an average grade of 3.19 g/t (in 4.5 Mt), a positive Preliminary Economic Assessment for the Tiger Gold Deposit (Pre-tax NPV of \$118.2M and IRR of 54.5%), and numerous early-stage gold and base metal discoveries. ATAC is well-financed with approximately \$4.5 million in working capital.

The technical information in this news release has been approved by Andrew Carne, M.Eng., P.Eng., VP Corporate & Project Development for ATAC and a qualified person for the purposes of National Instrument 43-101.

#### About Hecla

Founded in 1891, [Hecla Mining Company](#) is the largest silver producer in the United States. In addition to operating mines in Alaska, Idaho, and Quebec, Canada, the Company is developing a mine in the Yukon, Canada, and owns a number of exploration and pre-development projects in world-class silver and gold mining districts throughout North America.

On behalf of [ATAC Resources Ltd.](#)

Graham Downs, President, CEO, and Director

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#### Cautionary note regarding forward-looking statements:

This press release may contain "forward-looking information" within the meaning of applicable securities laws. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. The statements in this press release are made as of the date of this press release. The Company undertakes no obligation to update forward-looking information, except as required by securities laws.

#### Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated, and Inferred Resources:

The mineral resource estimates included in this press release have been prepared in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects. The United States Securities and Exchange Commission ("SEC") has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements. U.S. investors are cautioned that the disclosure the Company provides on its mineral properties in this news release may be different from the disclosure that an issuer subject to SEC reporting requirements would otherwise be required to provide. Therefore, the information contained in this news release containing descriptions of the Company's mineral properties may not be comparable to similar information made public by U.S. companies subject to reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder.

Additional information about the Tiger Deposit PEA is summarized in ATAC's February 27, 2020 technical report titled "Technical Report and Preliminary Economic Assessment for the Tiger Deposit, Rackla Gold Project, Yukon, Canada", which can be viewed at [www.sedar.com](#) under the ATAC profile or on the ATAC website at [www.atacresources.com](#). Additional information about the Osiris Resource Estimate is summarized in ATAC's July 28, 2022 technical report titled "Technical and Economic Assessment of Mineral Resources for the Osiris Project, Yukon, Canada", which can be viewed at [www.sedar.com](#) under the ATAC profile or on the ATAC website at [www.atacresources.com](#).

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#### Contact

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