

Anacortes Mining Corp to be Acquired by Steppe Gold Ltd to Create a Leading Diversified Precious Metals Producer

06.03.2023 | [Newsfile](#)

Vancouver, March 6, 2023 - [Steppe Gold Ltd.](#) (TSX: STGO) (OTCQX: STPGF) (FSE: 2J9) ("Steppe Gold") and [Anacortes Mining Corp.](#) (TSXV: XYZ) (OTCQX: XYZFF) ("Anacortes") are pleased to announce that they have entered into a binding letter of intent (the "Binding Agreement") pursuant to which Steppe Gold, either directly or through a wholly-owned subsidiary, will acquire all of the issued and outstanding common shares (the "Anacortes Common Shares") of Anacortes by way of a court approved plan of arrangement under the Business Corporations Act (British Columbia), in an all-share transaction (the "Transaction").

Under the terms of the Binding Agreement, Anacortes shareholders will receive 0.4532 of a Steppe Gold common share (each, a "Steppe Common Share") for each Anacortes Common Share, which represents consideration of approximately C\$0.48 per Anacortes Common Share and a premium of 36% based on the closing prices of the Anacortes Common Shares on the TSX-V and the Steppe Common Shares on the TSX, each as of the close of trading on March 3, 2023. Shareholders of Steppe Gold and Anacortes will own 79% and 21% of the combined company, respectively, on a basic basis.

The proposed Transaction is anticipated to create a leading junior gold producer with significant near-term growth. In addition to current production from Steppe Gold's ATO gold mine, which is expected to increase in scale with the current Phase 2 expansion, additional future growth would be supported by the development of the high-grade Tres Cruces oxide project in Peru, which is located approximately 10 km from the Lagunas Norte mine.

The Anacortes board of directors have approved the Binding Agreement and unanimously recommends that Anacortes shareholders vote in favour of the Transaction. Further, pursuant to the Binding Agreement, Anacortes officers and directors holding approximately 7.6% of the Anacortes Common Shares will enter into lock-up agreements with Steppe Gold, pursuant to which they will vote their respective Anacortes Common Shares in favour of the Transaction. The board of directors of Steppe Gold have also approved the Transaction.

Stifel GMP has provided a fairness opinion to Anacortes that based upon and subject to the assumptions, limitations, and qualification stated in such opinion, the Transaction is fair from a financial point of view to Anacortes.

Matthew Wood, Executive Chairman of Steppe Gold, stated: "This transaction transforms Steppe Gold into a multi asset, multi jurisdiction gold company with existing production and development projects in two of the most exciting and still untapped gold provinces in the world in both Mongolia and Peru. The new combined company will have a potential development profile of over 200,000 ounces and a resource base of over 4.5 million gold equivalent ounces."

Bataa Tumur-Ochir, CEO of Steppe Gold, stated: "We are very pleased to add one of the highest-grade undeveloped oxide gold deposits in the world to our development pipeline. Having recently built a heap leach gold mine in Mongolia and now in production since 2020, this next project works well in our sequence of production growth to come online in the next few years. Our vision is to build a 200,000 oz gold equivalent production profile, with our ATO Phase 2 expansion project expected to come online in 2025 and the Tres Cruces Mine moving to production soon thereafter. The Tres Cruces project has many similarities to our ATO project, with an oxide deposit at surface that can be quickly brought into production with significant upside in the underlying fresh rock."

James A. Currie, President and Chief Executive Officer of Anacortes, stated: "The Transaction offers our

shareholders with an immediate and attractive premium, in addition to meaningful ongoing ownership in the combined company. We see this as an excellent opportunity for our shareholders to participate in a growing junior gold producer that will have an enhanced ability to advance and develop the Tres Cruces project. I am proud of the Anacortes team for their efforts and look forward to our participation in the ongoing success of the Steppe Gold team as they surface meaningful value from the combined asset base."

Benefits of the Transaction

The Transaction is expected to provide meaningful benefits to shareholders of both companies.

For Steppe Gold shareholders:

- Adds the Tres Cruces project to the growth pipeline - an attractive and technically straightforward development project in Peru with low capital intensity and the potential to add 68,000 ounces of gold production per year at average all-in sustaining cash costs of US\$734 per ounce.
- Diversifies the asset portfolio with the addition of another development project and provides entry into one of the world's most prolific gold mining belts in Peru, thereby allowing the potential for Steppe Gold to become a multi asset and multi-jurisdictional gold company.
- Further reinforces the value proposition of Steppe Gold, with the Tres Cruces project having an underlying NPV of approximately US\$170 million at US\$1,700 gold (per the preliminary economic assessment filed in March 2022).
- Tres Cruces adds a large and underexplored land package that current hosts indicated resources of approximately 2.5 million ounces at 1.65 g/t and inferred resources of 104 kozs at 1.26 g/t, inclusive of 630 kozs of high grade 1.28 g/t leachable gold.
- This adds to the existing asset base at the ATO Gold Mine where it recently reported Proven and Probable Reserves of 1.7m oz Au Eq and Resources of 2.05m oz Au Eq.

For Anacortes shareholders:

- Immediate and upfront premium of 36%.
- Share exchange provides for meaningful retained ownership in the combined company and ongoing exposure to near-term value catalysts, including the Phase 2 expansion at the ATO Gold Mine and the future advancement and construction of the Tres Cruces project.
- Participation in an established, low cost and growing producer with increased access to capital.
- Opportune time to transact given the impending Phase 2 expansion at the ATO Gold Mine, which is expected to increase annual production to approximately 100,000 of gold equivalent oz.

Transaction Details

The Transaction will be structured as a plan of arrangement of Anacortes pursuant to the Business Corporations Act (British Columbia).

The Transaction is subject to, among other things, the execution of an arrangement agreement, the receipt of all necessary regulatory, stock exchange and court approvals, and obtaining shareholder approval of the Transaction at a meeting of the Anacortes shareholders, which is expected to be held in Q2 2023. The Binding Agreement includes customary deal protections, including a non-solicitation covenant in favour of Steppe Gold until April 17, 2023 and reciprocal expense reimbursement in certain circumstances.

Execution of the arrangement agreement is expected to occur on or about April 14, 2023 and closing of the Transaction is expected to occur on or about June 5, 2023.

Advisors

Steppe Gold's financial advisor is Maxit Capital LP and its legal counsel is Fasken Martineau DuMoulin LLP. Anacortes' financial advisors are Medalist Capital Ltd. and Trinity Advisors Corporation, and its legal counsel is Clark Wilson LLP.

Qualified Persons

The technical content of this news release regarding mineral properties of Anacortes has been reviewed and validated by James Currie, PEng., a Qualified Person as that term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Mr. Currie is the President and CEO of Anacortes.

About Steppe Gold

Steppe Gold is Mongolia's premier precious metals company.

About Anacortes

Anacortes is a growth-oriented gold company in the Americas, which owns a 100-per-cent interest in the Tres Cruces gold project located in Peru. Tres Cruces is one of the highest-grade undeveloped gold oxide deposits globally and hosts oxide plus sulphide indicated resources of 2,474,000 oz at 1.65 g/t gold, inclusive of 630,000 oz of high-grade leachable gold at 1.28 g/t gold and inferred resources of 104,000 oz at 1.26 g/t gold. The PEA on the leachable resource at Tres Cruces released earlier in 2022 indicates a robust open-pit, heap leach project.

Cautionary Statement on Forward-Looking Information

This news release includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws collectively "forward-looking statements". These include statements regarding Anacortes' and Steppe Gold's intent, or the beliefs or current expectations of the officers and directors of Anacortes and Steppe Gold (the "Companies") for Steppe Gold's growth and valuation post-closing. When used in this news release, words such as "anticipated", "expected", "future", "opportunity", "ongoing", "potential", "proposed", "vision" and similar expressions are intended to identify these forward-looking statements as well as phrases or statements that certain actions, events or results "could", "may", "should", "will", "would" or the negative connotation of such terms. As well, forward-looking statements may relate to future outlook and anticipated events, such as the consummation and timing of the Transaction; the satisfaction of the conditions precedent to the Transaction; the strengths, characteristics and potential of the resulting company; and discussion of future plans, projections, objectives, estimates and forecasts and the timing related thereto, including with respect to the ATO gold mine. These forward-looking statements involve numerous risks and uncertainties, including those relating to required shareholder and regulatory approvals, exercise of any termination rights under the Binding Agreement, meeting other conditions in the Binding Agreement, material adverse effects on the business, properties and assets of the Companies, and such other risk factors detailed from time to time in the Companies' public disclosure documents including, without limitation, those risks identified in Steppe Gold's annual information form for the year ended December 31, 2021, which is available on SEDAR at www.sedar.com, and Anacortes' management's discussion and analysis for three and nine months ended September 30, 2022 and 2021, which is available on SEDAR at www.sedar.com. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Companies assume no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If either of the Companies updates any one or more forward-looking statements, no inference should be drawn that the company will make additional updates with respect to those or other forward-looking statements. All forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement.

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