

DFR Gold Inc. Announces Amendment of WUO Land Option and Insider Loans

10.06.2024 | [CNW](#)

VANCOUVER, BC, June 10, 2024 /CNW/ - [DFR Gold Inc.](#) (TSXV: DFR) ("DFR" or the "Company") announces that its 80% controlled subsidiary, Moydow BF Limited ("Moydow"), has entered into an agreement to amend the terms of the option agreement dated 5 November 2020 among Aristide Jean Clement Boudo, EXMA, Panthera Resources Plc and Moydow Holdings Limited (the "Option Agreement"). Moydow Holdings Limited, Moydow and Mr. Boudo entered into a deed of novation on June 4, 2021, pursuant to which Moydow Holdings Limited transferred its rights to Moydow.

Pursuant to the Option Agreement, Moydow has an option (the "Option") to acquire 100% right, title and interest in the WUO Land exploration permit, initially issued on 6 March 2018 and expiring on 5 March 2027 (the "Permit"), relating to the Company's Cascades project in Burkina Faso.

The amendment of the Option Agreement (the "Amendment Agreement") is, as further explained below, expected to enable the Company to prioritise spending on exploration work and ensure the alignment of interests of the parties to the Option Agreement by, among other things, deferring half of the Option payment, extending the maturity date of the Option Agreement, and altering the basis of the royalty payment to Mr. Boudo as the holder of the Permit (the "Licence Holder").

Moreover, the Company has entered into agreements with Spirit Resources SARL ("Spirit") and Brian Kiernan ("Kiernan"), holding respectively 39.9% and 37.6% of the Company's outstanding and issued share capital, pursuant to which Spirit and Kiernan will provide, in aggregate US\$500,000 as loans to the Company to fund the Initial Payment (as defined below) under the amended Option Agreement.

Amendment of the Option Agreement

Pursuant to the Option Agreement, Moydow held an exclusive option, exercisable until 27 May 2024 and upon payment of US\$1,000,000, to purchase 100% of the Licence Holder's interest in the Permit.

The Company's objective in relation to its Cascades project, which is shared by the License Holder, is to prioritise spending on exploration work and to align the interests of the License Holder to those of the Company. As a result, the Company and the License Holder have agreed to amend the terms of the Option Agreement by entering into the Amendment Agreement. Pursuant to the Amendment Agreement, amongst other things:

- the Company shall pay US\$500,000 (the "Initial Payment") to the License Holder within 8 business days of executing the Amendment Agreement; and,
- the Company shall pay US\$500,000 (the "Final Payment") to the License Holder, to exercise the Option, on or prior to the first anniversary of the date of the Amendment Agreement.

Prior to executing the Amendment Agreement, the License Holder was entitled to receive a quarterly royalty payment equivalent to 1% of the net smelter return ("NSR"), subject to a maximum entitlement of US\$2,000,000, and a one off payment of US\$1,000,000 (the "Milestone Payment"), payable within six months of the Company reporting a resource of at least 1,000,000 ounces of gold on the Permit in accordance with the JORC guidelines.

Under the Amendment Agreement:

- the License Holder is entitled to a royalty payment of 0.5% of NSR over the duration of mining on the Permit. If the Milestone Payment described above is paid, each royalty payment thereafter shall be reduced by 25% until such time as the aggregate amount of the said 25% reductions equal the amount of the Milestone Payment;
- if the Company operates a small production mine designed to produce up to 30,000 ounces of gold per annum with an intended duration of five years on the Permit, the License Holder shall have the first right of refusal to be appointed as the mining and mine services contractor on such mine pursuant to a contract based on terms to be negotiated at arm's length, that is on similar terms and conditions as other mining and mine services contractors operating in Burkina Faso, or alternatively West Africa, at the time of such appointment; and,
- the License Holder is authorised to apply for semi-mechanised permits ("SMP") on the property area, except on areas where the Company intends to operate. The Company shall be free to explore or mine on the areas of the SMP, and the License Holder shall suspend any activity on the areas of the SMP so long the Company undertakes mining operation on such areas of the SMP.

The Loans

The Company also announces that it has entered into agreements with insiders Spirit Resources SARL (whose beneficial owner is Jean-Raymond Boulle) and Brian Kiernan, holding respectively 39.9% and 37.6% of the Company's outstanding and issued share capital, to provide a term loan facility of US\$500,000 in aggregate (the "Loan") to the Company. The terms of the Loan are summarised as follows:

- Each of Spirit and Kiernan shall finance 50% of the Loan;
- The Loan is available in one drawdown from each of Spirit and Kiernan and shall be used exclusively to execute the Initial Payment;
- The Loan is unsecured and bears interest at the rate of 8% per annum;
- The Loan is repayable in full on or before 31 May 2025 (the "Repayment Date"); and
- The Company shall repay the Loan earlier if it completes a financing equivalent to US\$2,000,000 or more prior to the Repayment Date.

This Loan constitutes a related party transaction (the "Transaction") as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Transaction is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Subsection 5.5(b) of MI 61-101 as no securities of the Company are listed on certain exchanges specified by MI 61-101, and exempt from the minority shareholder approval requirements of Section 5.6 of MI 61-101 pursuant to Subsection 5.7(1)(a) of MI 61-101 as, at the time the Transaction was agreed to, neither the fair market value of the subject matter of the Transaction nor the consideration therefor exceeded 25% of the Company's market capitalization.

Other Updates

Gurara Project

The Company announced, on 7 May 2024, definitive agreements with Panthera Resources Plc. to exchange its 40% interest in the Kalaka gold project (Mali) for a further 25.5% ownership interest in the Gurara project in Nigeria (the "Reorganisation"). The Reorganisation has been approved as an Expedited Acquisition under TSXV Policy 5.3, and the subsequent administrative work and filings have been completed. As a result, the Company now holds a direct 51% interest in the Gurara project and no interest in the Kalaka gold project.

Commenting on the WUO Land option agreement, Brian Kiernan, CEO and President said:

"The amendment of the Option Agreement enables the Company to focus on the development of the Cascades Gold Project in Burkina Faso and aligns the interests of the License Holder to those of the Company. The Cascades Project is DFR's most advanced project with a maiden Mineral Resource declared and where there is considerable immediate upside potential."

About the Cascades project and WUO land exploration permit

DFR has acquired an 80% interest in the Cascades project and Panthera Resources Plc. ("Panthera") will own a carried 20% interest on the condition that DFR invests US\$18,000,000 (the "Deemed Cost Base") in the project by September 30, 2026. Panthera shall have the right to acquire an additional 10% interest in

Cascades by making a payment of US\$7,200,000 (or lower if DFR does not spend US\$18,000,000) following the Trigger Date (being the earlier of DFR achieving the Deemed Cost Base or September 30, 2026), thereafter, all interests shall be participating. The Cascades gold exploration project comprising initially of an option for the WUO Land ("WUO Land") exploration license, broadened in geographic scope through the acquisition of an option to acquire the WUO Land 2 exploration license, which is contiguous to the WUO Land license. The WUO Land 2 option has been exercised through the payment of US\$300,000 option exercise fees to the License Holder, announced on February 9, 2024. The project is located in the Banfora greenstone belt of the West African Birimian Supergroup in Comoé province, southwest Burkina Faso. Cascades is approximately 370km west-southwest of Ouagadougou, and 100km northeast of the Wahgnion gold mine, operated by Endeavour Mining.

The Permit was initially issued on 6 March 2018, renewed a first time in 2021 before the second and last renewal in 2024, and will expire on 5 March 2027. The license area has been reduced by 25% to 46 Km² in accordance with prevailing laws. Moydow acquired the WUO Land option in 2020 and has benefitted from exploration activities undertaken at Cascades by previous operators [High River Gold Mines Ltd.](#) ("HRG") (now [Nord Gold SE](#) ("Nord Gold")) and Taurus Gold Limited ("Taurus") having executed an Exploration Data, Reports and Samples Purchase Agreement on October 9, 2020 with Nord Gold to purchase all of their historic data in consideration of a 0.5% Net Smelter Royalty (NSR) capped at US\$3,000,000. The historic information includes over 65,000 metres of drilling. Moydow consolidated all the previous exploration data into a single database and proceeded with its inaugural exploration drilling program in 2021, consisting of 4,739 meters of reverse core drilling. The results of the Moydow's drilling showed strong reproducibility of the HRG and Taurus drill data both in terms of location of mineralization and grade. Moreover, the brownfields exploration drilling showed good predictability of the location of mineralization in extensional drilling to the mineral resource. The HRG, Taurus and Moydow data was therefore taken as sufficiently accurate to be used in the estimation of the maiden mineral resource estimates (MRE) for Cascades. On October 25, 2021, the Company announced a maiden Mineral Resource prepared in accordance with National Instrument 43-101 for the Company's Cascades project, and amended on April 20, 2022, reporting:

- Indicated resource of 5.41 million tonnes at an average grade of 1.52 g/t Au for a total 264,000 ounces of gold; and
- Inferred resource of 6.93 million tonnes at an average grade of 1.67 g/t Au for a total of 371,000 ounces of gold.

The MRE is based on a total of 69,787m of drilling and has been prepared by Mr. Ivor W.O. Jones, M.Sc., FAusIMM, P.Geo, for Aurum Consulting, who is an independent Qualified person (QP) under NI 43-101 guidelines. The MRE was estimated using ordinary kriging methodologies, standard estimation practices and constrained by an open-pit evaluation based on a US\$1,900 per ounce gold price and reported using a cut-off grade of 0.5 grams of gold per tonne ("g/t Au").

Notes to Editors:

Approval of disclosure of technical information

Mr. Kieran Harrington PGeo EurGeol, Vice President Exploration of [DFR Gold Inc.](#), and a Qualified Person as defined under Canadian National Instrument 43 101 - Standards of Disclosure for Mineral Projects ("NI 43 101"), has reviewed and approved the technical information contained in this report.

About [DFR Gold](#)

[DFR Gold](#) is a TSX Venture Exchange listed exploration and mine development company focused on gold in West Africa. [DFR Gold](#) holds interests in a portfolio of West African gold exploration projects including the highly prospective Cascades gold project ("Cascades") in Burkina Faso. Cascades has a Mineral Resource prepared in accordance with NI 43-101 comprising 5.41 million tonnes of indicated resources at an average grade of 1.52g/t Au for a total 264,000 ounces of gold and 6.93 million tonnes of inferred resources at an average grade 1.67g/t Au for a total of 371,000 ounces of gold. Please see the Company's technical report titled "Amended and Re-stated Technical Report on the Labola Project Burkina Faso" dated April 2, 2022, with an effective date of April 20, 2022 for further information regarding Cascades. This report can be located at www.dfrgold.com.

[DFR Gold](#) holds a controlling interest in Gurara Holdings Limited which holds mineral licenses (the "Gurara Project") in Nigeria through its Nigerian subsidiaries. The Gurara Project is a prospective frontier stage gold

project in a geologically attractive but underexplored area of Nigeria, comprising four licences in two project areas (Dagma and Paimasa) in Western Nigeria. The Gurara Project lies within the gold-bearing ("Schist Belt") terrain of the Benin-Nigeria Shield where historically very little systematic exploration has been undertaken, and which has broad similarities to the Birimian of the Man Shield of West Africa. At Dagma a quartz vein swarm has been identified and a bulk sample of vein quartz gave an average assay of 22.2 grammes per tonne gold.

In Madagascar, [DFR Gold](#) has an advanced high grade hard rock zircon exploration prospect located in the west of the country, approximately 220km east of the port of Maintirano and close to a state road (the "Beravina Project"). The Company filed a NI 43-101 compliant technical report for the Beravina Project on January 29, 2019, reporting an Inferred Mineral Resource Estimate of 1.5 million tonnes grading 22.7% Zircon (ZrSiO₄) (equivalent to 15.3% ZrO₂). This report can be located at www.dfrgold.com.

Website: www.dfrgold.com

The Company's public documents may be accessed at www.sedarplus.ca

Neither the TSX-V 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.

Forward-Looking Statements:

This release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact in this release that address activities, events or developments that [DFR Gold](#) expects or anticipates will or may occur in the future are forward-looking statements or information. Forward-looking statements in this news release include statements regarding the potential of the Cascades project, the continued capacity to obtain financing and effect the Final Payment, obtaining financing and investing US\$18,000,000 on the Cascades project prior to 30 September 2026 to retain the Company's 80% interest in the Cascades project and the renewal of the WUO Land 2 exploration permit. Often, but not always, forward-looking information can be identified by the use of words such as "aim", "aspire", "strive", "will", "expect", "intend", "plan", "believe" or similar expressions as they relate to [DFR Gold](#). Forward looking information is subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking information.

There are a number of important factors that could cause [DFR Gold](#)'s actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, among others: the ability to obtain requisite regulatory approvals; the ability to renew mineral licenses and secure new exploration licenses; the ability to finance drilling campaigns and exercise its options to acquire exploration permits; exploration works delivery the expected results; the commodity prices; the gold exploration and mining industry in general; the potential impact of the announcement on relationships; including with regulatory bodies, employees; suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; and compliance with extensive government regulation. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statement prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

[DFR Gold](#) cautions that the foregoing list of material factors is not exhaustive. When relying on [DFR Gold](#)'s forward-looking statements and information to make decisions, shareholders should carefully consider the foregoing factors and other uncertainties and potential events. [DFR Gold](#) has assumed that the material factors referred to in the previous paragraph will not cause such forward looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. The forward-looking information contained in this release represents the expectations of [DFR Gold](#) as of the date of this release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward looking information and should not rely upon this information as of any other date. While [DFR Gold](#) may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.

SOURCE [DFR Gold Inc.](#) (formerly Diamond Fields Resources Inc.)

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<https://www.rohstoff-welt.de/news/473143--DFR-Gold-Inc.-Announces-Amendment-of-WUO-Land-Option-and-Insider-Loans.html>

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