

Full Metal Zinc Signs Binding Letter of Intent to Acquire the San Andres Project and Mill and Undertakes up to a \$1,000,000 Financing

29.08.2013 | [Marketwired](#)

VANCOUVER, Aug. 29, 2013 - [Full Metal Zinc Ltd.](#) (TSX VENTURE:FZ) (the "Company") is pleased to announce that it has signed a binding letter of intent with Minera ISP, S. de R.L. de C.V. and certain of its affiliates including, Inversiones Mineras ISP San Andres, S. de R.L. de C.V., Operaciones Minera ISP San Andres, S. de R.L. de C.V. and Servicios Mineros ISP, S. de R.L. de C.V. (collectively the "Vendors") to acquire 100% of the San Andres de la Sierra mine and processing facilities as well as the exploration land package around the area of historical operations (the "San Andres Property"). The transaction is subject to a 60 day due diligence period following which a definitive agreement may be concluded between the Company and Vendors.

The 5,757 hectare San Andres Property, located in the Sierra Madre Occidental of Durango State, Mexico, reportedly produced 17 million ounces of silver from multiple mines between 1890 and 1915 through the on-site direct smelting of high-grade narrow veins. (This historic production figure is from historic Mexican Government Records, has not been independently verified). Mining ceased due to the Mexican revolution and the San Andres Property lay dormant until the Vendors began work in 2006.

From 2008 to 2012 the Vendors consolidated the land package around the historic operations, drilled 13 short core holes and assembled a 300 tonne per day mill/concentrator and tailings facility at the San Andres Property to process dump material, investing over \$6 million in the process. The majority of the San Andres Property has not received modern surface exploration or diamond drilling. In addition to fully functional camp buildings located at site the San Andres Property lies within six km of overhead power and is road accessible.

The San Andres Property is located eight km east, and potentially part of the same metallogenic system as Chesapeake Gold's Metates Deposit (Reserves 18.5M oz. Au, 526M oz. Ag, 4.2B lbs. Zn - Source: Chesapeake Gold Corp. March 18, 2013 Report titled "Metates Gold-Silver Project NI 43-101 Technical Report Preliminary Feasibility Study Durango, Mexico"). It is also located six kilometers south of the San Miguel del Cantil Mine, a privately owned, 1,200 tonne per day high-grade underground gold-silver mine.

The San Andres Property is underlain by hornfels altered Mesozoic sedimentary rocks, intruded by a multiphase Eocene diorite intrusive unit, possibly syngenetic with overlying Tertiary volcanics that host the adjacent San Miguel mine. Multiple, subhorizontal stacked silver-lead-zinc +/- gold/copper veins have been identified and were historically mined over a one kilometer long trend. Mineralization identified to-date is hosted within both the hornfels and intrusive units.

Historic Minera ISP drilling

Hole	From (m)	To (m)	Width (m)	Ag (g/t)	Vein/Structure
BDSA-1	75.85	75.95	0.10	1546.8	Del Bajo
BDSA-2	0.00	137.75	137.75	31.6	El Gordo
inc	3.15	23.20	20.05	48.9	El Gordo
BDSA-3	23.95	24.50	0.55	806.7	Tapia Colorada
and	148.00	148.20	0.20	1577.7	De en Medio
BDSA-4	176.10	225.15	49.05	62.1	Intrusives
inc	196.25	196.55	0.30	1548.1	Intrusives
and	223.90	225.15	1.25	1074.7	Intrusives
BDSA-6	69.07	69.32	0.25	821.1	Del Bajo
BDSA-8	127.00	127.20	0.20	489.1	Del Bajo
BDSA-11	175.70	175.95	0.25	848.8	Inclinada
BDSA-12	55.40	55.50	0.10	898.2	Esperanza
and	145.30	145.50	0.20	925.4	Del Bajo
BDSA-13	194.05	194.35	0.30	349.2	Intrusive Contact

Subject to receiving regulatory and any required shareholder approval for the transaction, the Company will

acquire 100% of the San Andres Property and mining/processing infrastructure by issuing 10 million shares and making a one-time cash payment of US\$260,000 (US\$25,000 of which was paid upon signing of the binding letter of intent). The Vendors will retain a 2% NSR on land currently unencumbered by any royalty and, in addition, any existing royalty on the San Andres Property that expires, is extinguished, paid into or terminated will be replaced with a similar 2% NSR in favour of the Vendors. The Company will have the right to acquire half this royalty (1% NSR) at any time by making a one-time payment of US\$5 million.

So long as the Vendors' interest remains above 5%, the Vendors will be granted a right to pre-emptively participate in future financings to maintain their percentage interest in the Company; and nominate one candidate to the Board of Directors of the Company at each meeting of shareholders at which directors are to be elected.

Photographs of the San Andres Property and mill facilities as well as cross-sections and maps are available to view on the Company's website www.fullmetalzinc.com.

The Company plans to conduct work sufficient to complete a NI43-101 technical report on the San Andres Property during a 60 day due diligence period.

In conjunction with the aforementioned acquisition, the Company will undertake a non-brokered financing (the "Financing") of up to \$1million involving the issuance of up to 20,000,000 units at a price of \$0.05 per unit, with each unit consisting of one common share and one half of one common share purchase warrant exercisable at a price of \$0.10 for two years. The proceeds of the financing will be used primarily to pay the cash component of the acquisition cost as well as technical due diligence and legal expenses in conjunction with transaction. The remaining proceeds will be applied to the initial exploration efforts by the Company on the San Andres Property as well as general working capital.

The contents of this news release have been reviewed and approved by Robert McLeod, P.Geo., Director of Full Metal Zinc Ltd. Mr. McLeod is a Qualified Person as defined in National Instrument 43-101.

ON BEHALF OF THE BOARD OF DIRECTORS

Michael Williams
President & CEO

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Some statements in this news release contain forward-looking information, including without limitation statements as to planned expenditures and exploration programs. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include without limitation the completion of planned expenditures, the ability to complete exploration programs on schedule and the success of exploration programs.

Contact

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Die URL für diesen Artikel lautet:

<https://www.goldseiten.de/artikel/202233--Full-Metal-Zinc-Signs-Binding-Letter-of-Intent-to-Acquire-the-San-Andres-Project-and-Mill-and-Undertakes-up-to-a-1>

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