

Ferrum Americas Mining Inc. Announces Signing of Letter of Intent to Acquire an Option to Earn an Interest in the La Plata Gold Copper Zinc Project

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Pricing for Subscription Receipts Financing

TORONTO, October 28, 2015 - [Ferrum Americas Mining Inc.](#) ("Ferrum" or the "Company") (TSX VENTURE:FEM) is pleased to announce that it has signed a letter of intent (the "Letter of Intent") with Sultana Del Condor Minera S.A. ("Sultana") pursuant to which Ferrum will be granted the option to acquire (the "Option Transaction") a minimum 60% and a maximum 75% interest in the La Plata gold copper zinc project located approximately 100 kilometres southwest of Quito, Ecuador (the "Project" or "La Plata").

The La Plata Project

La Plata, which totals 2,300 hectares in two concessions, is a gold-rich volcanogenic massive sulphide deposit which was the subject of small scale mining at a rate of 80 tonnes/day from both open pit and underground workings from 1975 to 1981.

From 1996 to 2000, Cambior Inc., a Canadian mining company, completed 8,628 metres of drilling and a preliminary resource estimate totaling 840,000 tonnes grading 4.8 grams gold per tonne, 4.1% copper, 54.4 grams silver per tonne and 0.7% lead and 4.2% zinc per tonne in 1999, according to a report completed by AMEC Foster Wheeler, a mining consulting firm, for Sultana in March, 2015.

This resource estimate was generated prior to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Ferrum has not completed the work required to independently analyze and verify the results of the previous operators nor has a qualified person done sufficient work to classify the historic estimate as current mineral resources or mineral reserves. The Company is also not aware of what categories were used in the historic estimate. As a result, Ferrum is not treating the historical estimate as current mineral resources or mineral reserves.

The Company believes these historic results provide an indication of the potential of the property and are relevant from an on-going exploration perspective.

A drill program will be required to verify the historical estimate and to bring it into compliance with NI 43-101.

Details of Letter of Intent

The parties to the Letter of Intent have agreed that the Company has until November 6, 2015 to make a payment to Sultana of US\$75,000 (the "Exclusivity Payment") which grants the Company exclusivity rights over a period that terminates on February 10, 2016 (the "Exclusivity Period"). Once advanced, the Exclusivity Payment is non-refundable. At the end of the Exclusivity Period the Company must make a further cash payment of US\$125,000 to Sultana (the "Four Month Cash Payment"). The Company and Sultana are at arm's length.

To earn a 60% interest, over a four year period Ferrum must make cash payments totaling US\$2.0 million (inclusive of the Exclusivity Payment and the Four Month Cash Payment) and incur expenditures totaling US\$4.0 million. If the Company earns the initial 60% interest, it has the right to finance the cost of a feasibility study over a two year period and acquire an additional 5% interest. If the Company arranges capital expenditure financing of less than US\$60 million to build a mine at the Project, it will earn an additional 5% interest (for a total 70% interest) and if the capital expenditure financing exceeds US\$60 million, it will earn an additional 10% interest (for a total 75% interest).

The interest of Sultana will be carried through to commercial production. Upon the commencement of commercial production, project cash flow available for distribution will be divided by the owners as to their

respective interests and 85% of Sultana's interest in its share of the project cash flow will be paid to the Company in repayment of any capital advanced by the Company in place of or supplementary to any contemplated project financing.

During the earn in period and thereafter so long as the Company holds a minimum 50% interest, the Company will have the right to act as operator. A technical committee will be established and the Company's nominee will be appointed as chairman, who will have final veto on matters pertaining to programs and budgets. The Company has agreed to enter into a mining services agreement with Minera Cachabi C. Ltda. ("Mineca") which is related to Sultana for the provision of the Project's mining field and administrative services, at industry standard rates in Ecuador.

Sultana will have a buy back right which will take effect after the Company's acquisition of the 60% interest and which may be exercised by Sultana if, for a period of three consecutive years, there has been no substantial activity at the Project and Ferrum has not made good faith best efforts to arrange for financing. The terms of the buy back right will then be negotiated by the parties, in good faith.

Completion of the Option Transaction is subject to a number of standard conditions precedent, including without limitation, the completion of satisfactory due diligence by the Company during the Exclusivity Period, the execution and delivery of definitive documents on or before February 10, 2016 and the approval of the board of directors of the Company and the board of directors and the shareholders of Sultana. In addition, completion of the Option Transaction is subject to the receipt of requisite regulatory approvals, including without limitation, the approval of the TSX Venture Exchange (the "Exchange") which is more particularly described below.

If pursued by the Company once the Exclusivity Period has terminated, the Option Transaction will constitute a fundamental acquisition pursuant to Exchange Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets. In order to obtain requisite approval from the Exchange with respect to the Option Transaction, the Company will have to satisfy the Exchange requirements which include delivery of an independent technical report pursuant to the requirements of NI 43-101 (the "Geological Report"), a title opinion and receipt of shareholder approval given that a new control person will be created (as will be the case given the connected subscription receipts financing as more particularly described below). It is the Company's intention to work to comply with each of these requirements within the Exclusivity Period and this will include commissioning a Geological Report. There can be no assurances that the Company will be able to satisfy any of the Exchange requirements set forth in Exchange Policy 5.3 nor that the Exchange will provide its approval to the Option Transaction.

Pricing for Subscription Receipts Financing

To finance the Option Transaction contemplated in the Letter of Intent including the payment of the Exclusivity Payment and the Four Month Cash Payment, the Company intends to enter into subscription agreements with up to 10 subscribers (the "Subscribers") pursuant to which the Subscribers will collectively agree to acquire 47.1 million subscription receipts (a "Subscription Receipt" and collectively, the "Subscription Receipts") of the Company (the "Offering"), on a non-brokered private placement basis, for aggregate gross proceeds of CDN\$471,000, representing a price of CDN\$0.01 per Common Share of the Company. Each Subscription Receipt issued by the Company will ultimately entitle the holder thereof to receive one Common Share of the Company on the exercise thereof. Closing of the Offering is expected to occur on or before November 6, 2015. The Subscription Receipts will be subject to a four month hold period. The Subscription Receipts will be comprised of two tranches, being CDN\$96,000 worth of "Tranche 1 Subscription Receipts" and CDN\$375,000 worth of "Tranche 2 Subscription Receipts". The Company currently has 47,149,684 Common Shares issued and outstanding and will have a total of 94,249,684 Common Shares issued and outstanding if all of the Subscription Receipts are exercised into Common Shares.

As the issue price of the Offering is CDN\$0.01, the Company will be seeking a waiver from the Exchange from the requirement that the issue price of securities issued in a financing not be less than CDN\$0.05, pursuant to the Exchange Bulletin originally dated April 7, 2014 (as extended). In furtherance of such waiver, the Company intends to submit an undertaking to the Exchange (the "Undertaking") pursuant to which it agrees to call a special shareholders' meeting at which, among other things, it will seek shareholder approval of a consolidation of its Common Shares on a five for one basis (the "Consolidation"). Given that Metaform Investments Mining Limited Partnership, intends to acquire up to 5,600,000 Tranche 1 Subscription Receipts and 37,500,000 Tranche 2 Subscription Receipts, it is anticipated that such Subscriber may hold or have control over a maximum of 43,100,000 Common Shares upon completion of the Offering (representing approximately 45% of the Company's then issued and outstanding Common Shares) and may accordingly become a Control Person pursuant to Policy 4.1 - Private Placements ("Policy 4.1") of the Exchange Corporate Finance Manual. As set out in Section 1.12(a) of the Exchange Policy 4.1, the Company must

provide written consents to the Exchange from shareholders holding in aggregate a minimum of 50% of the Common Shares (pre-Offering) with respect to the Subscriber becoming a Control Person upon acquiring the Common Shares pursuant to the Offering (the "Control Person Shareholder Consents"). The Exchange also requires that the Company obtain consents from shareholders holding in the aggregate a minimum of 50% of the Common Shares (pre-Offering) with respect to: (i) the payment of the Exclusivity Payment on closing of the Offering (the "Exclusivity Payment Shareholder Consents"); and (ii) the Consolidation (the "Consolidation Consents"). The gross proceeds of the Offering will be deposited and held in escrow.

The Tranche 1 Subscription Receipts will be exercised into Common Shares on the satisfaction of certain conditions (the "Tranche 1 Release Conditions") which include: (i) the Company shall have submitted the Undertaking; (ii) the Company shall have received signed Control Person Shareholder Consents, Exclusivity Payment Shareholder Consents and Consolidation Shareholder Consents (collectively, the "Shareholder Consents") from the requisite number of shareholders; and (iii) the Exchange shall have granted its approval to the Company to make the Exclusivity Payment. If the Tranche 1 Release Conditions are not satisfied on or before November 15, 2015, the Company will cause the escrow agent to return to the holders of all of the Tranche 1 Subscription Receipts and Tranche 2 Subscription Receipts, an amount equal to the aggregate Subscription Price for all of such Subscription Receipts held by them, together with a pro rata portion of interest earned on the escrowed proceeds and such Subscription Receipts will be cancelled and of no further force or effect.

The Tranche 2 Subscription Receipts will be exercised into Common Shares on the satisfaction of certain conditions (the "Tranche 2 Release Conditions") which include: (i) the Company shall have received a Geological Report acceptable to the Exchange; (ii) the Exchange shall have granted its approval to the completion by the Company of the Option Transaction; (iii) the requisite number of shareholders of the Company shall have duly approved the Consolidation at a meeting duly called and held, among other things, for such purposes and the Company shall have filed Articles of Amendment in prescribed form to give effect to the Consolidation; (iv) the Company and Sultana shall have signed the definitive agreements contemplated in the Letter of Intent and the only condition set forth therein shall be receipt of the final approval of the Exchange; and (v) the Company shall have provided a written undertaking to and in favour of the Subscribers to forward the Four Month Cash Payment to Sultana, within two Business Days after the exercise of the Tranche 2 Subscription Receipts into Common Shares. If the Tranche 2 Release Conditions are not satisfied on or before February 22, 2016, the Company will cause the escrow agent to return to the holders of all of the Tranche 2 Subscription Receipts, an amount equal to the aggregate Subscription Price for such Subscription Receipts held by them, together with a pro rata portion of interest earned on the escrowed proceeds and such Subscription Receipts will be cancelled and of no further force or effect.

The Company intends to call and hold a special meeting of shareholders at which, among other things, shareholders will be asked to approve: (i) the completion of the Consolidation; (ii) the completion of the Option Transaction; and (iii) one of the Subscribers becoming a Control Person. A further press release will be issued at a later date with respect to the special meeting of shareholders.

Qualified Person

Mr. Alain Vachon, P.Eng., the Company's Qualified Person as defined by National Instrument 43-101, has reviewed and approved the contents of this press release.

About Ferrum Americas Mining

Ferrum Americas is focused on developing iron ore, base and precious metals projects in the Americas. Ferrum Americas has rights to acquire a 98% interest in the Cerro Rojo iron ore project in Bolivia.

A NI 43-101 mineral resource estimate, prepared by P&E Mining Consultants Inc., includes Indicated resources of 111.0 million tonnes at 48.1% Fe and Inferred resources of 175.9 million tonnes grading 48.8% Fe at a 15% iron cut-off grade.

At a cut-off grade of 50% Fe, Indicated resources are 31.2 million tonnes at 51.5% Fe and Inferred resources are 63.0 million tonnes at 52.0% Fe. The NI-43-101 Technical Report is available at www.ferrumamericas.com.

Forward Looking Statements

Certain information set forth in this news release contains "forward-looking statements", and "forward-looking information under applicable securities laws. Except for statements of historical fact, certain information

contained herein constitutes forward-looking statements, which include the Company's expectations about the completion of the Option Transaction and the Offering, future performance based on current results and past production, expected cash costs and are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "will", "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

These risks and uncertainties include, but are not limited to: liabilities inherent in mine development and production; geological, the financial markets generally, the results of the due diligence investigations to be conducted by the Company as against the Project, the satisfaction of the conditions precedent to the signing of the definitive documents contemplated in the Letter of Intent, the ability of the Company to obtain the Shareholder Consents, to obtain a Geological Report or a title opinion with respect to the Project, to complete the Offering or the Consolidation or to satisfy the Tranche 1 Release Conditions or the Tranche 2 Release Conditions on the terms described herein or at all, mining and processing technical problems; the Company's inability to obtain required mine licences, mine permits and regulatory approvals required in connection with mining and mineral processing operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events that could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to secure adequate future financing, and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Completion of the Option Transaction and the Offering is subject to a number of conditions, including Exchange acceptance and shareholder approval. The Option Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Option Transaction or the Offering will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circulars to be prepared in connection with any special meeting of shareholders to be held, any information released or received with respect to the option transaction or the Offering may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Option Transaction or the Offering and has neither approved nor disapproved the contents of this press release.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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