

# Barsele Enters into Non-Binding Letter of Intent to Acquire Remaining 55% Interest in the Barsele Project from Agnico Eagle

12.05.2021 | [CNW](#)

VANCOUVER, May 12, 2021 - [Barsele Minerals Corp.](#) - (TSXV: BME) (the "Company" or "Barsele") is pleased to announce that it has executed a non-binding letter of intent ("LOI") with [Agnico Eagle Mines Ltd.](#) ("Agnico Eagle") to acquire Agnico Eagle's 55% interest in the Barsele Project (the "Proposed Transaction"). The Company currently holds the remaining 45% interest in the Barsele Project and upon completion of the Proposed Transaction, would consolidate control of the Barsele Project. The completion of the Proposed Transaction will be governed by the terms of a definitive agreement to be entered into between the Company and Agnico Eagle.

Gary Cope, President, CEO and a director of the Company commented, "The opportunity to acquire a 100% controlling interest in the Barsele Project represents a tremendous milestone for Barsele. We plan to significantly increase the drilling activity on the project with the goal of growing the current mineral resource estimates. We are excited to start a new chapter in the development of the Barsele Project and are thankful to our joint venture partner Agnico Eagle for the work we have completed together. We look forward to having Agnico Eagle as our largest shareholder."

Sean Boyd, Chief Executive Officer of Agnico Eagle commented, "We see Barsele's consolidation of the Barsele Project as a positive outcome for all stakeholders. The monetization of our interest in the Barsele Project will allow Agnico Eagle to focus on its most advanced projects in our exploration and development pipeline, while retaining an interest in the Barsele Project as a significant equity investor and royalty holder. We wish Barsele success as they undertake the next phase of exploration and development of the project and are confident that they have the required skill set to continue to advance the project."

Guy Gosselin, Senior Vice President, Exploration of Agnico Eagle added, "Agnico Eagle's Swedish exploration team has significantly increased the mineral resources and geological understanding of the project, while also building strong social acceptance for the project during this phase of exploration. I am proud and thankful for what our team has accomplished and look forward to the completion of the Proposed Transaction and watching Barsele's future success at the project."

## Terms of the LOI

The LOI provides that the Company and Agnico Eagle will negotiate and enter into a definitive purchase and sale agreement containing customary terms and conditions for a transaction of its nature, whereby Barsele will acquire Agnico Eagle's 55% interest in Gunnarn Mining AB (which holds the Barsele Project). The purchase price payable by Barsele to Agnico Eagle will consist of the following: (i) a cash payment of US\$45,000,000 (the "Cash Amount"), with the option, at Barsele's election, to increase the Cash Amount through a vendor-take-back note; (ii) the issuance of common shares of Barsele such that Agnico Eagle will hold 14.9% of Barsele's common shares upon the closing of the Proposed Transaction (the "Consideration Shares"); (iii) the issuance of warrants exercisable into 6,000,000 common shares of Barsele (the "Warrants"); (iv) a 2% net smelter return royalty on all minerals produced from the Barsele Project (the "NSR"); and (v) a contingent value right with respect to future mineral reserves and mineral resources identified at the Barsele Project (the "CVR"). Each Warrant will have a five year term and will entitle Agnico Eagle to purchase one common share of Barsele at an exercise price equal to the greater of: (i) C\$1.00, (ii) 20% premium to the twenty-day volume weighted average price of the Barsele common shares immediately prior to the issuance of the Warrant, and (iii) in the event that Barsele issues convertible debt in connection with its financing of the Proposed Transaction, the conversion price of such convertible debt.

The NSR is expected to contain customary terms and conditions, and Barsele will be able to repurchase 1.0% of the NSR at any time for US\$15 million. There is an existing 2.0% net smelter return royalty on the Barsele Project pursuant to an agreement dated June 11, 2015 between Orex Minerals Inc., Gunnarn Mining AB, Agnico Eagle Sweden AB and Agnico Eagle (the "Existing NSR"), which includes a repurchase right for US\$5,000,000. The LOI anticipates that the Existing NSR, including the repurchase right, will be assigned and assumed by Barsele at closing of the Proposed Transaction.

Upon closing of the Proposed Transaction, Barsele will grant Agnico Eagle the CVR whereby Barsele will agree to pay

Eagle US\$2,500,000 for each additional 1,000,000 ounces of gold mineral reserves and mineral resources identified at Project above the Barsele Project's current mineral reserves and mineral resources. The CVR will run with the Barsele Project and will not be payable until the earliest to occur of: (i) a construction decision on the Barsele Project is made, (ii) a change of control of Barsele, or (iii) the 10<sup>th</sup> anniversary of the closing of the Proposed Transaction. Payments under the CVR will be capped at an aggregate maximum of US\$20,000,000 over the CVR's 20-year term. Also, Barsele may satisfy the first US\$5,000,000 of future CVR payments by applying such amount to the repurchase of the Existing NSR rather than payment of the CVR.

Upon closing of the Proposed Transaction, Agnico Eagle and Barsele will enter into an investor rights agreement that will grant Agnico Eagle a participation right in certain future financings to maintain its pro rata or 14.9% (and following the exercise of its warrants, 19.9%), whichever is greater, interest in Barsele, grant Agnico Eagle certain information rights and grant Barsele a placement right in connection with certain proposals by Agnico Eagle to sell Barsele common shares.

Barsele intends to finance all or a portion of the Cash Amount through the issuance of debt and/or equity. Barsele has agreed that upon closing of the Proposed Transaction, it will have no less than C\$5,000,000 in working capital available net of the costs associated with the Proposed Transaction. Barsele has agreed to use its best efforts to complete such financings as soon as practicable.

Barsele and Agnico Eagle have agreed to an exclusivity period ending on July 30, 2021, with a view to settling the definitive documentation for the Proposed Transaction by such date. Such exclusivity period may be extended for an additional 30 days in certain circumstances.

The LOI is non-binding and there can be no assurance that the Proposed Transaction will be completed as proposed or that definitive agreements are expected to contain other representations, warranties, covenants and conditions as are customary for a transaction of this nature. The closing of the Proposed Transaction is subject to the completion of due diligence; the negotiation of the definitive agreement and other final documentation; compliance with applicable laws in Sweden relating to the transaction; regulatory approvals for the Barsele Project; and corporate and regulatory approvals, including the approval of the TSX Venture Exchange. The TSX Venture Exchange has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this news release. The Consideration Shares and Warrants to be issued to Agnico Eagle are expected to be subject to a four-month and one day statutory hold period in accordance with applicable securities law.

#### Advisors and Counsel

BMO Capital Markets is acting as financial advisor to Barsele in connection with the Proposed Transaction and Stikeman LLP is acting as Barsele's legal advisor.

#### About the Barsele Project

The Barsele Project is located on the western end of the Proterozoic "Skellefte Trend", a prolific volcanogenic massive sulfide deposits belt, that intersects with the "Gold Line" in Northern Sweden. Both polymetallic deposits and intrusive hosted copper-gold deposits are present in this region and on the property. Current and past producers in the region include Boliden, Luleå, Björkdal, Svartliden and Storliden.

#### About Barsele Minerals Corp.

Barsele is a Canadian-based junior exploration company managed by the Belcarra Group, comprised of highly qualified geologists and professionals. Barsele's main property is the Barsele Gold Project in Västerbottens Län, Sweden, a joint venture with Agnico Eagle. An amended NI 43-101 Technical Report on the Barsele Project with an effective date of February 21, 2019, was filed on December 16, 2020.

#### Technical Information and Qualified Person

Art Freeze, P. Geo. is a Qualified Person as defined in NI 43-101 and takes responsibility for the technical disclosure contained within this news release.

#### On Behalf of the Board of Directors

Gary Cope

President and CEO

Neither the TSX Venture Exchange 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 news release contains forward-looking information under the provisions of applicable Canadian securities legislation. All statements in this news release, other than statements of historical fact, are forward-looking information with respect to Barsele including but not limited to: comments regarding the terms upon which the Proposed Transaction will be completed; the potential effects of the Proposed Transaction; potential financings that will occur in respect of and following the Proposed Transaction; and the repurchase of the Existing NSR. Forward-looking information is necessarily based upon a number of factors and assumptions that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the price of gold, anticipated costs and ability to achieve goals. In respect of the forward-looking statements concerning the anticipated completion of the Proposed Transaction, Barsele has provided them in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to negotiate a definitive agreement and complete matters relating to the Proposed Transaction; the ability of the parties to receive, in a timely manner, the necessary regulatory, corporate and other third party approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Proposed Transaction. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Such factors include, among other things: risks and uncertainties relating to the Proposed Transaction not closing when planned or at all or on terms and conditions set forth in the LOI; the failure to obtain necessary regulatory and third party approvals in order to proceed with the Proposed Transaction; the benefit of the Proposed Transaction not being realized; the ability of the Company to obtain additional financing, the need to comply with environmental and governmental regulations, fluctuations in the prices of commodities, operating hazards and risks, competition and other risks and uncertainties, including those described in the Company's financial statements, management discussion and analysis ("MD&A") and current annual information form available on [www.sedar.com](http://www.sedar.com). The risk factors identified in the financial statements, MD&A and annual information form are not intended to represent a complete list of factors that could affect the Company. Actual results may differ materially from those currently anticipated in such statements and the Company undertakes no obligation to update such statements. Enquiries may be made by calling (904) 567-8566 or by email [info@barseleminerals.com](mailto:info@barseleminerals.com) or visit our website at [www.barseleminerals.com](http://www.barseleminerals.com)

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