

Excellon Reverses \$22 Million Litigation Liability

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TORONTO, April 3, 2023 - [Excellon Resources Inc.](#) (TSX: EXN) (OTCQB: EXNRF) (FRA: E4X2) ("Excellon" or the "Company") is pleased to announce the reversal of a US\$22 million liability from its March 31, 2023 consolidated balance sheet, relating to the previously disclosed judgment against one of the Company's subsidiaries in Mexico.

"The announcement today effectively removes a US\$22 million overhang that has been with the Company since 2019," stated Shawn Howarth, President and CEO. "Over the past four months, I'm very proud of our management team that has successfully addressed major discounts to Excellon's value potential: the pending maturity of our outstanding convertible debentures, for US\$11 million¹, and this provision for litigation."

Mr. Howarth continued, "With the proposed acquisition of the La Negra Mine, we have taken steps to create a compelling value proposition for investors. We have reset Excellon's corporate strategy, restructured current liabilities by over US\$33 million and added to a portfolio of already high-quality, long-term assets in particular at La Negra² and Kilgore³, with additional exploration and transactional upside at the Silver City and Oakley projects⁴. Following today's announcement, we can now focus on advancing this value potential for the benefit of our shareholders."

¹ Proposed convertible debenture restructuring, for further details see the Company's corresponding news release dated January 9, 2023 as well as the AIF.

² La Negra has an NPV_{5%} US\$132 million at long-term commodity price estimates of US\$22.00/oz Ag, US\$1.15/lb Zn, US\$3.60/lb Cu, US\$0.95/lb Pb. For further details regarding the La Negra acquisition and the project itself (including economics), see the Company's corresponding news release on January 9, 2023 and its April 3, 2023 annual results news release providing an update on the transaction, as well as the Company's annual information form dated March 31, 2023 (the "AIF") and the technical report for the project with an effective date of March 31, 2022, all of which are available under Excellon's profile on SEDAR (www.sedar.com) and on its website (www.excellonresources.com).

³ For details regarding the Kilgore project (including economics) see the AIF as well as the technical report for the project having an effective date of July 30, 2019, available on the Company's website and on SEDAR under the Otis Gold profile.

⁴ For further details regarding the Silver City and Oakley projects see the AIF. See also, the Silver City project technical report, with an effective date of March 21, 2022, available under the Company's profile on SEDAR and on its website, and the Oakley project technical report with an effective date of August 8, 2016, available on the Company's website and on SEDAR under the Otis Gold profile, as well as the Company's ~~Bank~~ release dated March 20, 2023, available on its website and under its profile on SEDAR.

On November 30, 2022, the Company's wholly-owned Mexican subsidiary, San Pedro Resources, S.A. de C.V. ("San Pedro"), voluntarily filed a petition for bankruptcy with the Mexican Bankruptcy Court (Instituto Federal de Especialistas de Concursos Mercantile) which was accepted by the Court on December 15, 2022. In early March 2023, the Court-appointed auditor completed its review of San Pedro's petition and, on March 28, 2023, the Court declared San Pedro bankrupt. In due course, the Court will be appointing a trustee to take possession and control of, and administer, San Pedro for the benefit of its creditors. At the time it was declared bankrupt by the Court, San Pedro had been on care and maintenance since late October 2022. There were no San Pedro assets recorded on the consolidated balance sheet of the Company at December 31, 2022, and the bankruptcy proceedings are not expected to have any operational impact on the Company's current or future business.

As a result of the bankruptcy declaration, the Company will deconsolidate the liabilities of San Pedro from Excellon's consolidated balance sheet at March 31, 2023, which will remove all San Pedro's liabilities from the consolidated balance sheet, including the US\$22 million provision for litigation.

As previously disclosed in detail, San Pedro was party to an action by a claimant (the "Plaintiff") in respect of damages under a property agreement regarding the non-material mineral concession, La Antigua. On final appeal, in late 2019, the Plaintiff was awarded US\$22 million (the "Judgment"), which San Pedro and the Company both believe is multiple times greater than any amount that could possibly have become payable under the agreement. With no further right of appeal, the Company recorded a corresponding provision for litigation of US\$22 million commencing from the Q3 2021 consolidated financial statements. The Judgment is solely against San Pedro as defendant and the Company believes that the Plaintiff has no recourse against the Company's other assets in Mexico, Idaho, Saxony, Germany or Canada. For further details on the Judgment and San Pedro bankruptcy proceedings refer to the Company's consolidated financial statements and MD&A for the years ended December 31, 2022 and 2021, and the AIF.

About Excellon

Excellon's vision is to realize opportunities for the benefit of our employees, communities and shareholders, through the acquisition of advanced development or producing assets with further potential to gain from an experienced operational management team. The Company is advancing a portfolio of gold, silver and base metals assets including Kilgore, an advanced gold exploration project in Idaho; and Silver City, a high-grade epithermal silver district in Saxony, Germany with 750 years of mining history and no modern exploration. The Company has also entered into an agreement to acquire La Negra, a past-producing Ag-Zn-Cu-Pb mine with exploration potential, located in Querétaro State, Mexico.

Additional details on Excellon's properties are available at www.excellonresources.com.

CAUTIONARY STATEMENTS ON FORWARD-LOOKING STATEMENTS AND OTHER MATTERS

Forward-Looking Statements

All statements, other than statements of historical fact, contained or incorporated by reference in this news release constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable Canadian and United States securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as: "acquire", "accrual", "additional", "advancing", "anticipates", "believe", "compelling", "conditions", "considered", "contingencies", "continuing", "could", "development", "due course", "expected", "exploration", "estimate", "focus", "forward-looking", "further", "future", "indicated", "initial", "liability", "long-term", "may", "modeling", "occur", "opportunities", "option", "pending", "pipeline", "pivot", "planning", "position", "potential", "program", "project", "proposed", "proposition", "prospects", "provide", "provision", "risk", "should", "steps", "strategy", "study", "subject to", "testing", "timeline", "uncertainties", "upside", "viability", "vision", "will" and "would", or variations of such words, and similar such words, expressions or statements that certain actions, events or results can, could, may, should, will (or not) be achieved, occur, provide, result or support in the future or which, by their nature, refer to future events. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. Forward-looking statements include statements regarding potential financing, corporate development, strategic and other opportunities; advancing a portfolio of assets; the La Negra acquisition and its related transactions including restructuring of the Company's outstanding convertible debentures and the proposed equity offering (including discussions with potential investors) (collectively, the "La Negra Transactions") and completion thereof and benefits thereof (including value proposition, quantum and use of proceeds of any equity offering); valuation, value proposition or potential or upside of the Company's various projects and/or La Negra; restart of mining operations and/or commercial production at La Negra mineral property; the implications of the Judgment (including there being no recourse against the Company's other assets in Mexico, Idaho, Saxony, Germany or Canada); the bankruptcy proceedings of the Company's Mexican subsidiary San Pedro and implications thereof (including reversal of the litigation provision and/or the underlying or other liabilities relating to such subsidiary and deconsolidation of such from Excellon's consolidated balance sheet at March 31, 2023); project preliminary economic assessments and other models and studies (including economics and other results thereof) for La Negra and Kilgore, and the Company's other projects, (including NPV and underlying mineral resources which are estimates only); and any benefits or any other implications of any of the foregoing. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct, and any forward-looking statements by the Company are not guarantees of future actions, results or performance. Forward-looking statements are based on assumptions, estimates, expectations and opinions, which are considered reasonable and represent best judgment based

on available facts, as of the date such statements are made. If such assumptions, estimates, expectations and opinions prove to be incorrect, actual and future results may be materially different than expressed or implied in the forward-looking statements. The estimates, expectations and opinions referenced or contained in this news release which may prove to be incorrect, are subject to a number of assumptions which include those set forth or referenced herein as well as Management's Discussion & Analysis of Financial Results for year ended December 31, 2022 (together with the accompanying financial statements for the same period, the "2022 Financial Disclosure"); the Company's Annual Information Form dated March 31, 2023 (the "AIF"); the current technical reports for the Company's projects and La Negra, as referenced in this news release (collectively, the "Technical Reports"); the Company's other news releases referenced in this news release (collectively, the "Referenced News Releases"), and the Company's other applicable public disclosure (collectively, "Company Disclosure"), all available under the Company's profile on SEDAR (www.sedar.com) and/or on its website at www.excellonresources.com. Forward-looking statements are inherently subject to known and unknown risks, uncertainties, contingencies and other factors which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by the forward-looking statements. Such risks, uncertainties, contingencies and other factors include, among others, the timing, completion or non-completion of the La Negra Transactions, including due to the parties failing to receive, in a timely manner and on satisfactory terms, commitments in respect of the proposed equity financing (or other financing), and the necessary securityholder, Toronto Stock Exchange and other approvals or the inability of the parties to satisfy or waive in a timely manner the other conditions to the closing, conditions precedent or covenants, as applicable, of the La Negra Transactions and the inability to complete such transactions; inability to achieve the benefits, synergies or value proposition anticipated from the La Negra Transactions; variations in mineral resources, mineral production, grades or recovery rates; the accuracy of the results (including economics such as NPV), conclusions and recommendations of summarized in the Technical Reports; production, construction and technological risks related to Excellon and La Negra; capital requirements and operating risks associated with the operations or an expansion of the operations of Excellon including La Negra; dilution due to the La Negra Transactions and any other future equity financing; fluctuations in silver, lead, zinc, copper, gold and other precious metal prices and currency exchange rates; uncertainty relating to future production and cash resources; inability to successfully restart La Negra or other projects within the timelines and at the cost anticipated; adverse changes to market, political and general economic conditions or laws, rules and regulations applicable to Excellon and La Negra; the possibility of project cost overruns or unanticipated costs and expenses; accidents, labour disputes, community and stakeholder protests and other risks of the mining industry; risk of an undiscovered defect in title or other adverse claim; as well as the "Risk Factors" in the AIF, and the risks, uncertainties, contingencies and other factors identified in the 2022 Financial Disclosure, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. The foregoing list of risks, uncertainties, contingencies and other factors is not exhaustive; readers should consult the more complete discussion of the Company's business, financial condition and prospects that is provided in the AIF and the other aforementioned Company Disclosure. Although Excellon has attempted to identify important factors that could cause plans, actions, events or results to differ materially from those described in forward-looking statements in this news release and the other Company Disclosure referenced herein, there may be other factors that cause plans, actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual plans, results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements in this news release, nor in the documents incorporated by reference herein. Readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements referenced or contained in this news release are expressly qualified by these Cautionary Statements as well as the Cautionary Statements in the 2022 Financial Disclosure, the AIF, the Technical Reports, the Referenced News Releases and other applicable Company Disclosure. Forward-looking statements contained herein are made as of the date of this news release (or as otherwise expressly specified) and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable laws.

Mineral Resources

Until mineral deposits are actually mined and processed, mineral resources must be considered as estimates only. Mineral resource estimates that are not classified as mineral reserves do not have demonstrated economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by, among other things, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties, contingencies and other factors described in the foregoing Cautionary Statements on Forward-Looking Statements. The quantity and grade of reported "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource

estimates to an "indicated" or "measured" mineral resource category. The accuracy of any mineral resource estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. The quantity and grade of "inferred" mineral resource estimates are uncertain in nature and there has been insufficient exploration to define "inferred" mineral resource estimates as an "indicated" or "measured" mineral resource and it is uncertain if further exploration will result in upgrading "inferred" mineral resource estimates to an "indicated" or "measured" mineral resource category. Mineral resource estimates may have to be re-estimated based on, among other things: (i) fluctuations in mineral prices; (ii) results of drilling and development; (iii) results of geological and structural modeling including stope design; (iv) metallurgical testing and other testing; (v) proposed mining operations including dilution; and (vi) the possible failure to receive and/or maintain required permits, licenses and other approvals. It cannot be assumed that all or any part of a "inferred", "indicated" or "measured" mineral resource estimate will ever be upgraded to a higher category including a mineral reserve.

Mineral resource estimates disclosed by the Company were estimated and reported in accordance with National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") using Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves (the "CIM Standards"), which govern the public disclosure of scientific and technical information concerning mineral projects by Canadian issuers such as Excellon, and applying the CIM's Mineral Resources and Mineral Reserves Best Practices guidelines (as applicable). For additional discussion of the Company's mineral resource estimates at the Company's projects and La Negra, as well as an overall more detailed discussion of such projects, the reader should refer to the AIF and the applicable Technical Reports.

U.S. Readers

The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as disclosed by the Company are Canadian mining terms defined in the CIM Standards (collectively, the "CIM Definitions") in accordance with NI 43-101. NI 43-101 establishes standards for all public disclosure that a Canadian issuer makes of scientific and technical information concerning mineral projects. These Canadian standards differ from the requirements of the SEC applicable to United States domestic and certain foreign reporting companies under Subpart 1300 of Regulation S-K ("S-K 1300"). Accordingly, information describing mineral resource estimates for the Company's projects and La Negra, may not be comparable to similar information publicly reported in accordance with the applicable requirements of the SEC, and so there can be no assurance that any mineral resource estimate for the Company's projects or La Negra would be the same had the estimates been prepared per the SEC's reporting and disclosure requirements under applicable United States federal securities laws, and the rules and regulations thereunder, including but not limited to S-K 1300. Further, there is no assurance that any mineral resource or mineral reserve estimate that the Company may report under NI 43-101 would be the same had the Company prepared such estimates under S-K 1300.

Preliminary Economic Assessments (or PEAs)

A PEA, including the La Negra and Kilgore PEAs, is only a conceptual study of the potential viability of the subject project's mineral resource estimates, and the economic and technical viability of the project and its estimated mineral resources has not been demonstrated. A PEA is preliminary in nature and provides only an initial, high-level review of the subject project's potential and design options; there is no certainty that a PEA will be realized. The conceptual LOM plan and economic model in a PEA include numerous assumptions and mineral resource estimates including inferred mineral resource estimates. Inferred mineral resource estimates are considered to be too speculative geologically to have any economic considerations applied to such estimates. Under NI 43-101, estimates of inferred mineral resources may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. There is no guarantee that inferred mineral resource estimates will be converted to indicated or measured mineral resources, or that indicated or measured mineral resources can be converted to mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability, and as such there is no guarantee the economics described in any PEA, including the La Negra and Kilgore PEAs, will be achieved. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant risks, uncertainties and other factors, as more particularly described in the foregoing other Cautionary Statements of this news release.

Qualified Persons

Mr. Jorge Ortega, M.Sc., P.Geo., Vice President Exploration of the Company and a Qualified Person as defined in NI 43-101 (a "QP"), reviewed, verified and approved the scientific and technical information relating to geological interpretation and results contained in this news release. Mr. Paul Keller, P. Eng., Chief Operating Officer of the Company and a QP, reviewed, verified and approved the scientific and technical information relating to operations and production results contained in this news release.

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