

Electric Royalties Announces Agreement To Acquire Cash-Flowing Copper Stream From Minera Cobre Verde in Chile

18.09.2024 | [ACCESS Newswire](#)

VANCOUVER, Sept. 18, 2024 - [Electric Royalties Ltd.](#) (TSXV:ELEC)(OTCQB:ELECF) ("Electric Royalties" or the "Company") is pleased to announce the signing of a binding letter agreement dated September 17, 2024 (the "Agreement") with Minera Cobre Verde ("MCV"), a subsidiary of Cobre y Metales, to acquire a copper stream (the "Stream") on the Minera Cobre Verde Mine ("MCV Mine"), located in the Antofagasta Region of Chile (the "Transaction").

Under the terms of the Agreement, Electric Royalties will pay consideration to MCV of US\$2.1 million to acquire the Stream, whereby Electric Royalties will have the immediate right to acquire a fixed amount of 76,000 pounds of copper monthly at a fixed price of US\$2.75 per pound for a term of four years. The Stream will be cash-settled and is not dependent on actual copper production at the MCV Mine.

The parties will also have the opportunity (by mutual agreement) within 30 days of closing of the Transaction to increase the amount of the Stream by an additional 76,000 pounds of copper monthly (the "Opportunity") by Electric Royalties paying an additional US\$2.1 million in cash to MCV.

Brendan Yurik, CEO of Electric Royalties, commented, "With this transaction, Electric Royalties is gaining direct exposure to copper prices over the next four years and is progressing towards becoming cash flow positive ahead of our numerous advanced royalties expected to enter or re-enter production over the next six to 48 months.

"We are thrilled to be partnering with MCV on our first streaming acquisition - a transaction that's expected to significantly boost our revenue and cash flow on a per share basis, while also providing long-term potential to partner and help fund production expansion in the future. MCV routinely lowers risk by buying production material from multiple local sources, an approach in which Franck Lançon and his management team have tremendous experience."

Neither MCV nor Cobre y Metales is a Non-Arm's Length Party of the Company or its Associates or Affiliates, within the meaning of TSX Venture Exchange policy.

Transaction Highlights:

- Accretive to Electric Royalties' cash flow
 - Electric Royalties expects to potentially benefit from copper prices projected to reach US\$10,100 per metric ton in 2025, according to a Goldman Sachs note published on September 2, 2024¹.
 - The Stream will have a term of four years from closing. Payments will be settled in cash rather than physical copper and will be calculated each month as copper payable multiplied by the difference between the average LME monthly spot price and the fixed copper price of US\$2.75 per pound.
 - Illustrative potential revenues from the Stream are as follows:
 - at a copper price of US\$11,000 per metric ton, equating to approximately US\$5 per pound, the Stream (without exercise of the Opportunity) would equate to a monthly revenue stream of approximately US\$162,450 (approximately US\$1.95 million annually).
 - at a copper price of US\$11,000 per metric ton and if the Opportunity is exercised, the monthly revenue stream will be approximately US\$324,900 (approximately US\$3.9 million annually).
 - at a copper price of US\$8,800 per metric ton, equating to approximately US\$4 per pound, the Stream (without exercise of the Opportunity) would equate to a monthly revenue stream of approximately US\$90,250 per month (approximately US\$1.1 million annually).
 - at a copper price of US\$8,800 per metric ton and if the Opportunity is exercised, the monthly revenue stream will be approximately US\$180,500 (approximately US\$2.2 million annually).
 - Provides Electric Royalties immediate cash flow over the next four years while portfolio royalties mature and provides high leverage to potentially increasing copper prices, provided there is no guarantee that copper prices will increase or even maintain at current prices over the term of the Stream.
- Minera Cobre Verde highlights
 - Excellent mining jurisdiction in Region II, Antofagasta Chile, situated 40km away from the Port of Antofagasta.
 - Former Ivan SX-EW plant and Rayrock mine acquired in 2023 from FIP Neith including:
 - SX-EW plant capable of producing 10,000 tonnes per annum of copper cathode².
 - existing agglomeration and leaching circuits with expansion potential³.

The Transaction noted herein (including any finder's fee) is subject to completion of due diligence, securing necessary financing, and approval of the TSX Venture Exchange and other customary conditions.

Finder's Fee

The company has agreed to pay a finder's fee to Phaedrus Dynamic Inc. ("Phaedrus") in connection with the Transaction. The finder's fee will be payable by the Company to Phaedrus as and when the Company receives payment under the Stream, on the basis that the Company will pay to Phaedrus the cash value of 3,800 pounds of copper, net of US\$2.75 per pound, in respect of each month during the term of the Stream. This equates to 5% of the 76,000 pounds per month of copper that the Company will receive under the Stream (cash settled against the fixed price of US\$2.75 per pound).

In the event that the Opportunity is exercised to increase the Company's monthly entitlement under the Stream by a further 76,000 pounds of copper per month, the finder's fee payable to Phaedrus would be

increased by a further 3,800 pounds of copper per month (in each case on the same cash-settled basis, net of US\$2.75 per pound).

Phaedrus is not a Non-Arm's Length Party of the Company, MCV, Cobre y Metales or their respective Associates and Affiliates, within the meaning of TSX Venture Exchange policy.

Financing

Electric Royalties may syndicate the transaction to finance the acquisition. The Company has the right to divide the Stream interest among such parties.

David Gaunt, P.Geo., a qualified person who is not independent of Electric Royalties, has reviewed and approved the technical information in this release.

About Electric Royalties Ltd.

Electric Royalties is a royalty company established to take advantage of the demand for a wide range of commodities (lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc and copper) that will benefit from the drive toward electrification of a variety of consumer products: cars, rechargeable batteries, large scale energy storage, renewable energy generation and other applications.

Electric vehicle sales, battery production capacity and renewable energy generation are slated to increase significantly over the next several years and with it, the demand for these targeted commodities. This creates a unique opportunity to invest in and acquire royalties over the mines and projects that will supply the materials needed to fuel the electric revolution.

Electric Royalties has a growing portfolio of 40 royalties in lithium, vanadium, manganese, tin, graphite, cobalt, nickel, zinc and copper across the world. The Company is focused predominantly on acquiring royalties on advanced stage and operating projects to build a diversified portfolio located in jurisdictions with low geopolitical risk, which offers investors exposure to the clean energy transition via the underlying commodities required to rebuild the global infrastructure over the next several decades toward a decarbonized global economy.

For further information, please contact:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange), nor any other regulatory body or securities exchange platform, accepts responsibility for the adequacy or accuracy of this release.

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<https://www.bnnbloomberg.ca/business/international/2024/09/03/goldman-slashes-copper-forecast-on-softening-chinese/>

² Coro Mining Corp. news release dated June 9, 2017

<https://marimaca.com/coro-signs-purchase-agreement-for-acquisition-of-ivan-sxew-plant-for-marimaca-project-chile/>

³ Definitive feasibility study for Marimaca 1-23 Claim Project, Antofagasta, II Region, Chile, NI 43101

Technical Report, effective date June 13, 2018, prepared by Enrique Quiroga V., Luis Oviedo, and Carlos Guzmán, filed under [Marimaca Copper Corp.](#)'s profile on [sedarplus.ca](#)

Cautionary Statements Regarding Forward-Looking Information and Other Company Information

This news release includes forward-looking information and forward-looking statements (collectively, "forward-looking information") with respect to the Company within the meaning of Canadian securities laws.

This news release includes information regarding other companies and projects owned by such other companies in which the Company may hold a royalty, metal stream, security or other interest, or on which such other companies' economic interests (and the ability of such other companies to satisfy obligations to the Company) may depend, based on previously disclosed public information disclosed by those other companies and the Company is not responsible for the accuracy of that information, and that all information provided herein is subject to this Cautionary Statement Regarding Forward-Looking Information and other company information. Forward looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. This information represents predictions and actual events or results may differ materially. Forward-looking information may relate to the Company's future outlook and anticipated events and may include statements regarding the projected future mine production, financial results, future financial position, expected growth of cash flows, business strategy, budgets, projected costs, projected capital expenditures, taxes, plans, objectives, industry trends and growth opportunities of the Company and the projects in which it holds royalty interests.

While management considers these assumptions to be reasonable, based on information available, they may prove to be incorrect. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or these projects to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to risks associated with general economic conditions; adverse industry events; marketing costs; loss of markets; future legislative and regulatory developments involving the renewable energy industry; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; the mining industry generally, recent market volatility, income tax and regulatory matters; the ability of the Company or the owners of these projects to implement their business strategies including expansion plans; the ability of the Company's contractual counterparties to honour their obligations to the Company; competition; currency and interest rate fluctuations, and the other risks.

The reader is referred to the Company's most recent filings on SEDAR+ as well as other information filed with the OTC Markets for a more complete discussion of all applicable risk factors and their potential effects, copies of which may be accessed through the Company's profile page at sedarplus.ca and at otcmarkets.com.

SOURCE: Electric Royalties Ltd.

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<https://www.goldseiten.de/artikel/631903--Electric-Royalties-Announces-Agreement-To-Acquire-Cash-Flowing-Copper-Stream-From-Minera-Cobre-Verde-in-C>

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