

Hawthorn Resources Corp. to Acquire Past Producing Prince Silver Deposit in Nevada and Announces Concurrent Financing

21.02.2025 | [Newsfile](#)

Vancouver, Feb. 21, 2025 - [Hawthorn Resources Corp.](#) (CSE: HWTN) ("Hawthorn" or the "Company") is pleased to announce that on February 20, 2025, it entered into a binding letter agreement (the "Letter Agreement") with Stampede Metals Ltd., a private Australian company, ("Australia Corp") to acquire (the "Acquisition") its wholly-owned subsidiary, Stampede Metals Corporation, a private Nevada, USA Corporation ("Nevada Corp").

"We are very excited to acquire Stampede Metals Corporation with its Prince Silver and Stampede Gap porphyry Cu-Mo projects in exchange for shares," states President Ralph Shearing, P.Geol. "The Prince Silver project is a near surface silver-gold-zinc carbonate replacement deposit (CRD) with past production and extensive drilling that is open in all directions. Hawthorn is eager to initiate a drill program on the Exploration Target, as described below, to advance the project towards the contractual Prince Project Milestone goal of a published NI43-101 Technical Report demonstrating aggregate inferred, measured and indicated resources of minimum of 100 million ounces silver equivalent."

Both the Exploration Target and the Prince Project Milestone are further described below.

Both Nevada Corp projects are located in southeastern Nevada near the town of Pioche and corresponding mineral claims are either owned directly by Nevada Corp. or held under several option to purchase agreements as described below.

HISTORIC PRINCE MINE

The Prince Mine historic production between 1912 and 1949 was recorded at 1.12 Mt @ 4.5% Zn, 2.8% Pb, 10.2% Mn, 100g/t Ag, 0.5g/t Au (Gemmill, 1970). Most of this production was from high grade fissure veins with some production from small surface open cuts.

PRINCE SILVER EXPLORATION PROJECT

To evaluate the mineral potential of the Prince Project, an exploration target (the "Exploration Target") was outlined in a 2024 independent report prepared following JORC guidelines (JORC standards for the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) by OmniGeoX Exploration Consultants of Perth, Australia based on historical surface and underground drilling. The Exploration Target was based on 129 historic drill holes drilled through mineralised carbonate replacement beds and host Pioche Shale up to 500M depth. Mineralized polymetallic intersections based on historical block modelling suggests the immediate Exploration Target is between 25-43Mt with grades ranging as 1.44-1.57% Zn, 0.78-0.87% Pb, 0.003-0.005% Cu, 0.28-0.40g/t Au, 37-40g/t Ag and 3.62-4.30% Mn. The mineralization is open in all directions.

Readers are cautioned that the Exploration Target is not an "inferred", "indicated" or "measured" mineral resource compliant with National Instrument 43-101 ("NI 43-101"). The Exploration Target has been determined based upon 129 historic drill holes totalling 16,606 meters, historic production records including mine level plans and 3D modelling of mineralization and geology. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource.

The Company's strategy will be to focus drilling towards establishing an initial NI 43-101 resource estimate amenable to open pit extraction. The Company intends to use the proceeds of the concurrent financing as follows:

1. Verify the historical drilling database for potential inclusion in an updated compliant resource calculation,
2. Expand the project resources using modern drilling and surface exploration methods,

3. Upgrade the historic internal block model to a maiden NI 43-101 compliant resource,
4. Conduct metallurgical testing to determine optimal recovery methods.

STAMPEDE GAP PROJECT.

The Stampede Gap porphyry Cu-Au-Mo project has been barely tested but has already been established as a large Cu-Mo porphyry system. A target model type for this project is the large-scale Ely-Robinson-Ruth porphyry copper-gold deposit with measured and indicated resources of 358Mt@ 0.45% Cu, 0.18g/t Au. (PorterGeo Consultancy December 2014) Stampede Gap project is located approximately 150km south of the Ely-Robinson-Ruth Mine.

Readers are cautioned that any comparison to the established Ely-Robinson-Ruth porphyry copper-gold deposit is conceptional in nature and there has been insufficient work to demonstrate that the Stampede Gap property hosts comparable mineralization or would demonstrate comparable feasibility.

At Stampede Gap, 19 strong IP target anomalies have been identified and are coincident with magnetic anomalies and extensive alteration at surface. One 700m hole drilled at the Albatross target intersected over 400m of semi-continuous sulphidic skarns containing highly anomalous molybdenum and anomalous copper suggesting the possibility of a major Cu-Mo porphyry centre nearby. This drill hole ended in mineralization due to the drill reaching its maximum depth capability. Subsequent 3D IP inversions geophysical surveying demonstrated that the drilling missed the primary IP target. Stampede Gap contains a wealth of excellent IP drill targets, which warrant further future exploration.

FINANCING

In connection with the Acquisition, Hawthorn will conduct a private placement of subscription receipts for minimum aggregate proceeds of C\$3.5 million, up to maximum aggregate proceeds of C\$4.0 million at a price of \$0.27 per subscription receipt. In connection with closing of the Acquisition, each subscription receipt will automatically convert into one unit, where each unit will consist of one common share and ½ of a share purchase warrant with each whole warrant exercisable into one common share at \$0.40 per share for a period of eighteen months, provided that if the closing price of the Company's common shares on the Canadian Securities Exchange (the "CSE") is equal to or greater than \$0.60 for a period of 10 consecutive trading days, the Company will have the right, for a period of 15 business days, to accelerate the expiry date of the warrants upon notice given by press release and the warrants will thereafter expire on the 30th calendar day after the date of such press release (the "Initial Private Placement"). Finders' fees may be payable to certain arm's length parties in connection with the closing of the Initial Private Placement.

Transaction Terms

Hawthorn has agreed to acquire 100% interest in the issued and outstanding shares of Nevada Corp. from the shareholders of Australia Corp under the following terms:

Consolidation: Hawthorn will conduct a share consolidation of all its issued and outstanding share capital at a ratio of 0.75 new shares to 1 existing share, such that Hawthorn will have 15,795,000 common shares outstanding post consolidation.

Consideration Shares: In consideration of acquiring all of the issued and outstanding common shares of Nevada Corp, Hawthorn will issue 15 million common shares (the "Consideration Shares") to the benefit of Australia Corp shareholders at a deemed price of \$0.27 per Consideration Share. The Consideration Shares will be subject to voluntary restricting re-sale for a period of one year from the date (the "Closing Date") of the closing of the Acquisition (the "Closing").

Prince Project Milestone Shares: Hawthorn will allot an additional 8.5 million shares (the "Prince Milestone Shares") to Australia Corp shareholders to be issued upon the publication of a NI 43-101 technical report for the Prince Silver project demonstrating aggregate inferred, measured and indicated resources containing a minimum of 100 million ounces of silver equivalent (the "Prince Project Milestone"). Should the Prince Project Milestone not be achieved within four years from the Closing Date, the allotment will expire.

Hawthorn will have the option to accelerate the issuance of Prince Milestone Shares within one year of the Closing Date by issuing instead 6.8 million common shares to the Australia Corp Shareholders, representing a 20% reduction to the 8.5 million Prince Milestone Shares.

Appointments: In connection with Closing, Hawthorn will: (i) appoint Robert Wrixon as a director of Hawthorn; and (ii) appoint Harrison Matson as consultant geologist for the Project.

In connection with the closing of the Acquisition, the Company intends to issue an aggregate of 370,000 common shares as finder's shares, at a deemed price of \$0.27 per share to an arm's length party.

The final structure of the Transaction will be determined by the parties, based upon tax, securities and corporate law considerations, and will be governed by the terms of a definitive agreement governing the Transaction (the "Definitive Agreement") containing warranties, covenants, conditions, and agreements customary for transactions of the nature and magnitude of the Acquisition. If the Definitive Agreement is not executed by May 31, 2025, the Letter Agreement will terminate.

Completion of the proposed Acquisition is subject to a number of conditions, including, but not limited to, negotiation of a Definitive Agreement, completion by parties of satisfactory due diligence, finalization of the terms of the Initial Private Placement, satisfaction by the parties of all applicable filing requirements pursuant to the policies of the CSE, and acceptance and receipt of all applicable regulatory, corporate and shareholder approvals, including the approval of the CSE.

In accordance with CSE policies the Company will be seeking shareholder approval for the issuance of the aggregate common shares to be issued pursuant to the Acquisition and the Initial Private Placement.

The Company intends to provide a further comprehensive news release providing further details of the proposed Acquisition, including the terms of any finder's fees payable in connection with the Initial Private Placement and upon the parties entering the Definitive Agreement.

Property Ownership - Prince Project

The Prince Silver project is comprised of: (i) 20 unpatented mineral claims in which Nevada Corp holds an 100% interest; and (ii) 12 patented mineral claims (the "Prince Optioned Claims") which Nevada Corp holds pursuant to a lease, under an option agreement with an arm's length third party (the "Lease and Option Agreement"), pursuant to which Nevada Corp holds an option to acquire a 100% interest in the Prince Optioned Claims.

Pursuant to the terms of the Lease and Option Agreement:

1. Nevada Corp may acquire the Prince Optioned Claims until March 31, 2031 for annual lease payments of USD \$80,000 per year until March 31, 2026, and thereafter for annual lease payments of USD \$100,000; and
2. During the term of the lease Nevada Corp shall have the option to: (a) acquire 11 of the Prince Optioned Claims for a cash payment of USD \$2,750,000 minus all option payments made previously; and (b), after exercise of the first option, and subject to satisfaction of conditions precedent including obtaining a feasibility study or positive preliminary assessment for the Prince Mine (the "Conditions Precedent"), for a period of 36 months from the satisfaction of the Conditions Precedent, acquire the remaining Prince Optioned Claim for a cash payment of USD \$1,040,000.

Property Ownership - Stampede Gap Project

The Stampede Gap project is comprised of: (i) 223 unpatented mineral claims (99 of which are subject to a 1% net smelter royalty and 124 are subject to a 0.5% net smelter royalty) and 6 patented mineral claims (which are subject to a 1% net smelter royalty), which are owned 100% by Nevada Corp, subject only to the net smelter royalties; and (ii) 103 unpatented mineral claims (the "Gap Optioned Claims") which Nevada Corp holds pursuant to an option agreement (the "Gap Option Agreement") with an arm's length third party (the "Gap Vendor"), pursuant to which Nevada Corp holds an option to acquire a 100% interest in the Gap Optioned Claims, subject to a 1.5% net smelter royalty.

Pursuant to the terms of the Gap Option Agreement, in order to exercise the option and acquire a 100% interest in the Gap Optioned Claims, Nevada Corp must either complete 7,500 meters of drilling on the property, or make a USD \$500,000 cash payment on or before April 20, 2027. In addition, in the event that commercial production commences on the Gap Optioned Property during the term of the Gap Option Agreement, Nevada Corp must pay the Gap Vendor a production payment (the "Production Payment") equal to USD \$2.50 per ounce of gold equivalent ounces contained on the property. If the Option is exercised before the commencement of commercial production, the Production Payment obligation will terminate.

Pursuant to the Gap Option Agreement, in connection with the partial exercise of the Gap Option Agreement, Australia Corp issued an aggregate 375 shares to the Gap Vendor, representing 7.5% of the then issued and outstanding shares of Nevada Corp. During the term of the Gap Option Agreement, the Gap Vendor has the right to participate in any equity issuance to maintain its percentage equity interest in Nevada Corp.

Engagement of Peak Investor Marketing

The Company is pleased to announce the retention of Peak Investor Marketing Corp. ("Peak") of Vancouver, B.C., which provides full-service marketing and consulting services focused on the junior mining sector. Peak is an independent arms-length entity that will assist with marketing strategy and planning, corporate communications and public relations, with the goal of increasing market awareness for the Company. The contract is for a 12-month term, with a fee of \$12,000 per month commencing February 21, 2025.

Ralph Shearing, PGeol. (Alberta) a qualified person under NI 43-101 and, Director and President of the Company, has reviewed and approved the technical disclosure contained in this news release.

On Behalf of the Board of Directors

Ralph Shearing
Director, President

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Forward-Looking Information

Certain statements in this news release are forward-looking statements, including with respect to future plans, and other matters. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such information can generally be identified by the use of forward-looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. Some of the specific forward-looking information in this news release includes, but is not limited to, statements with respect to: completion of the Acquisition and related transactions, completion of the Initial Private Placement, appointments of directors and officers of the Company and regulatory and corporate approvals. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including but not limited to, business, economic and capital market conditions, the ability to manage operating expenses, dependence on key personnel, completion of satisfactory due diligence in respect of the Acquisition and related transactions, and compliance with property option agreements. 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, anticipated costs, and the ability to achieve goals. Factors that could cause the actual results to differ materially from those in forward-looking statements include, the continued availability of capital and financing, litigation, failure of counterparties to perform their contractual obligations, failure to obtain regulatory or corporate approvals, exploration results, loss of key employees and consultants, and general economic, market or business conditions. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on any forward-looking information.

The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. 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 (as defined under the U.S. Securities Act) 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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Die URL für diesen Artikel lautet:

<https://www.goldseiten.de/artikel/648397--Hawthorn-Resources-Corp.-to-Acquire-Past-Producing-Prince-Silver-Deposit-in-Nevada-and-Announces-Concurrent>

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