

Magna Terra Minerals Inc. Announces Closing of a \$4.987 Million Non-Brokered Private Placement

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And Completion of the Acquisition of the ExploreCo Assets in Atlantic Canada from Anaconda Mining

TORONTO, August 4, 2020 - [Magna Terra Minerals Inc.](#) (the "Company" or "Magna Terra") (TSX-V:MTT) and Anaconda Mining Inc. ("Anaconda") (TSX:ANX) (OTCQX:ANXGF) (together the "Parties") are pleased to announce that Magna Terra has completed the acquisition of Anaconda's wholly-owned subsidiary, 2647102 Ontario Inc. ("ExploreCo") by issuing a total of 12,493,482 common shares of the Company on a post Consolidation basis (as defined herein) (the "Acquisition"). As a result, Magna Terra is acquiring a 100% interest in the Great Northern and Viking Projects in Newfoundland and Labrador and the Cape Spencer Project in New Brunswick (see news release dated October 15, 2019 and December 3, 2019 for more details on the Projects).

"We are thrilled with the investor reception we have had with this private placement in conjunction with the ExploreCo acquisition. We have closed an 'upsized' and oversubscribed round of financing that will fund our exploration initiatives on these two highly prospective projects well into 2021. We expect to have crews on the ground in mid-August to commence our Phase 1 programs, that will culminate with drill programs on high priority targets in the late 2020. Recent development and exploration success that companies like Galway Metals (Clarence Stream Project, NB), Marathon Gold (Valentine Lake, NL) and our colleagues at Anaconda (Goldboro, NS, and Point Rousse, NL) are having, along with the successful acquisition of Atlantic Gold (Moose River, NS) by St. Barbara, just to mention a few has catalysed investor interest in the Atlantic Canada. The acquisition of this impressive gold project portfolio with established 43-101 Mineral Resources and multiple drill ready targets will allow us to rapidly generate value for our shareholders as we undertake our goal of becoming the next Atlantic Canada gold exploration success story."

~ Lew Lawrick, President and CEO, Magna Terra Minerals

"In 2018, Anaconda created a wholly-owned subsidiary to hold our advanced stage, highly-prospective Atlantic Canadian exploration projects, with the aim of exploring strategic alternatives to realize value for shareholders. We have assembled these gold projects in areas with sizeable land packages that provide the platform to build significant district-scale mineral resources in Atlantic Canada in the long term. We are well positioned to realize future value for our shareholders in partnership with the strong team at Magna Terra, while remaining focused on our producing and development assets at the Point Rousse operation, the Goldboro Gold Project, and the exciting Tilt Cove Gold Project."

~ Kevin Bullock, President and CEO, Anaconda Mining Inc.

Acquisition Details

The Acquisition was subject to numerous conditions, including, (i) the Acquisition being approved by the disinterested shareholders of the Company, (ii) the consolidation of the Company's issued and outstanding shares on the basis of seven (7) old common shares for one (1) new common share of the Company (the "Consolidation") and (iii) the completion of a private placement for minimum gross proceeds of \$1.5 million (see news release dated October 15, 2019 for more details on the Acquisition). All currencies in this press release are reported in Canadian dollars.

The Consolidation and the Acquisition were approved by the Company's disinterested shareholders at the annual and special meeting held on February 27, 2020. The Consolidation was effective on July 30, 2020,

and immediately prior to the completion of the Acquisition there were 12,493,482 common shares of the Company issued and outstanding on a post Consolidation basis.

Financing Details

Concurrently with the closing of the Acquisition, the Company raised gross proceeds of \$4.987 million (the "Offering") as follows on a post-Consolidation basis: (i) flow-through common shares (the "FT Shares") at a price of \$0.25 per share for gross proceeds of \$155,000 (620,000 FT Shares); (ii) common share Units (the "Units") at a price of \$0.20 per Unit for gross proceeds of \$2,222,000 (11.11 million units). Each Unit is comprised of one common share and one-half of one share purchase warrant (each whole warrant being a "Unit Warrant"), each Unit Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months; (iii) charity flow-through units (the "Charity FT Units") at a price of \$0.29 per Charity FT Unit for gross proceeds of \$2,610,000. Each Charity FT Unit is comprised of one flow-through common share and one-half of one common share purchase warrant (each whole warrant being a "Charity FT Unit Warrant"), each Charity FT Unit Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months.

In connection with the Offering, the Company paid Finder's fees totalling \$87,660, and issued a total of 436,800 non-transferable share purchase warrants (the "Finder Warrants"), each Finder Warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months. All securities issued in connection with the Acquisition and the Offering are subject to a regulatory hold period of four (4) months and one day expiring on December 1, 2020.

Related Party Transaction

One insider of the Company, Thorsen-Fordyce Merchant Capital Inc., a company controlled by Lewis Lawrick, Director, President and Chief Executive Officer of the Company, participated in the Offering by acquiring 2,750,000 Units of the Company for total gross proceeds of \$550,000. This subscription is considered to be a "related party transaction" for purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company did not file a material change report more than 21 days before the expected closing date of the Offering as the participation therein by such "related party" of the Company was not settled until shortly prior to the closing of the Offering. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on section 5.5(b) of MI 61-101 (Issuer Not Listed on a Specified Market). Additionally, the Corporation is exempt from minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(b) of MI 61-101 (Fair Market Value Not More Than \$2,500,000).

Furthermore, as the Acquisition constitutes a "Reverse Take Over" under the policies of the TSX Venture Exchange (the "Exchange"), the common shares of the Company issued to Anaconda in connection with the Acquisition and the securities held by the Principals of the Company (as such term is defined on the policies of the Exchange) are subject to an eighteen (18) month escrow agreement with Computershare Investor Services Inc. For more details regarding the securities subject to escrow in connection with the Acquisition, see the Company's information circular dated January 27, 2020 available on SEDAR under the Company's profile.

Following completion of the Acquisition and the Offering, Magna Terra has 45,716,964 common shares issued and outstanding, of which the existing shareholders of the Company, prior to the completion of the Acquisition and the Offering, and Anaconda each hold 12,493,482 shares (27.33%), and the subscribers of the Offering hold 20,730,000 shares (45.34%). In connection with the the Acquisition, the Parties have also entered into an investor rights agreement (the "Investor Rights Agreement") pursuant to which Anaconda will have certain rights, including:

- the right to participate in any future equity financings undertaken by Magna Terra in order to allow Anaconda to maintain its then percentage ownership interest in Magna Terra; such participation right will not apply to any issuance of securities (a) pursuant to Magna Terra's existing stock option plan and other incentive plans as may be approved by its shareholders from time to time, or to management, directors and employees of the Corporation for compensatory purposes; or (b) upon the exercise or conversion of any

convertible or exchangeable securities outstanding on the date the Investor Rights Agreement was entered into; or (c) in connection with or pursuant to any merger, business combination, exchange offer, take-over bid, arrangement, asset purchase transaction or other acquisition of assets or shares of a third party, provided, however, that Anaconda will be permitted to exercise its participation right in connection with the issuance of any shares or other securities of Magna Terra that may be delivered pursuant to the terms of any option agreement, earn-in agreement or similar agreement that Magna Terra or any of its subsidiaries may be party to that does not exist as of the date the Investor Rights Agreement was entered into;

- the right to appoint two (2) directors on the Board of Directors of Magna Terra as long as Anaconda's ownership interest is above 20%, and one (1) director if Anaconda's ownership interest falls below 20%, it being agreed that such designated directors would be Mr. Lew Lawrick and Mr. Michael Byron for as long as such persons remained Directors of Anaconda.

All the above rights shall automatically terminate and be of no further force or effect at the later of (i) December 30, 2021, and (ii) Anaconda ceasing to beneficially own more than 10% of the issued and outstanding common shares of Magna Terra (on an undiluted basis).

The Investor Rights Agreement also provides that Anaconda will be subject, until December 30, 2021, to a standstill obligation pursuant to which, among other things, it will not without the prior authorization of the board of directors of Magna Terra, purchase, offer or agree to purchase or negotiate to purchase any securities or assets of Magna Terra other than in connection with acquisitions carried out by Anaconda or its affiliates where such securities, when added together with the securities held by Anaconda, its affiliates and any other person acting jointly or in concert would cause Anaconda's ownership percentage to exceed 35%. The Investor Rights Agreement further provides that Anaconda will vote or cause to be voted, all common shares of Magna Terra beneficially held or controlled by Anaconda, at all shareholder meetings of Magna Terra to be held until December 30, 2021, in favour of each matter recommended by the Board of Directors of Magna Terra for approval by its shareholders at each such meeting. A copy of the Investor Rights Agreement will be filed shortly on SEDAR under the Company's profile.

The Acquisition and Offering remain subject to the final approval from the Exchange. It is expected that trading in the common shares of the Company will resume under the same trading symbol (TSX-V: MTT / CUSIP: 559271200 / ISIN: CA5592712007) two (2) business days following the issuance of the final bulletin of the Exchange.

Atlantic Canada Project Highlights

Encompasses three projects in the established mining jurisdictions of Newfoundland and Labrador and New Brunswick; district scale exploration potential; past production; three known deposits with numerous high-grade gold showings and prospects. Highlights include:

- Combined 12,375 hectares of highly prospective mineral lands over three projects in Atlantic Canada;
- Includes total 28 km strike along two, regional scale, gold bearing structures;
- District scale exploration potential with numerous gold showings, prospects and deposits;
- Established mining jurisdictions of Newfoundland and Labrador and New Brunswick; and
- Low cost of exploration with all projects road accessible.

Great Northern and Viking Projects

- Includes 9,775 hectares of highly prospective geology coincident with 20 kilometres of strike along a regional scale, gold related structure - the Doucer's Valley Fault;
- Located adjacent to the Doucer's Valley Fault, part of the Long Range Fault system - a fertile gold bearing structure, similar to that associated with Marathon Gold's Valentine Lake project in central Newfoundland, which has been the focus of recent significant resource growth and discovery;
- Host to several known deposits including Rattling Brook (Great Northern) and Thor (Viking) as well as high-grade prospects including Jackson's Arm (Great Northern) that present numerous drill ready targets and potential for near term discovery; and
- Mineral Resources - Magna Terra has completed an updated NI 43-101 Technical Report and Mineral Resource Estimate on the Rattling Brook Deposit, details of which are available on SEDAR, and on the Company's website.

Details of the Great Northern and Viking Projects

The Great Northern and Viking Projects comprise 2 separate claim blocks (9,775 hectares) that are located 3 km north and 15 km south of the community of Jackson's Arm, NL, respectively (Exhibit A and Exhibit B).

The Great Northern Project is comprised of four mineral exploration licences that collectively encompass 167 mineral claims covering approximately 4,175 hectares.

The Viking Project is comprised of 3 mineral exploration licences totalling 224 claims covering 5,600 hectares.

Geology and Mineralization

The Great Northern and Viking Projects are centered along the Doucer's Valley Fault, a regional splay of the Long Range Fault. The Doucer's Valley Fault is a significant geological control on, and host to, several gold deposits, including the Rattling Brook Deposit and the Thor Deposit.

Gold mineralization at Great Northern and Viking occurs either as disseminated gold, hosted in Precambrian or Ordovician granites or in the unconformably, overlying adjacent volcanic and sedimentary rocks. The sedimentary-hosted gold mineralization is typically higher grade. Rocks underlying each claim block show both styles of mineralization with granite-hosted gold mineralization in the Road and Incinerator Trail Zones and sedimentary-rock-hosted Beaver Dam Zone, or as a combination as in the Apsy Zone. The Thor Deposit is hosted in Precambrian granites and the adjacent Kramer Prospect shows mineralization hosted within the overlying Cambrian quartzites.

Alteration consists of mesothermal style quartz \pm iron carbonate \pm sulfide veins and stockworks with 2- 5% total sulfides consisting of pyrite, galena, chalcopyrite or sphalerite, and locally show trace amounts of visible gold.

The Great Northern Project is host to several untested gold prospects and showings, including the Shrik, Stocker, Boot N' Hammer, 954 Prospects, and Incinerator Trail Zone. Surface grab samples assaying up to 20.2 grams per tonne ("g/t") gold and 1,232 g/t silver at the Boot N' Hammer Prospect; up to 56.7 g/t gold and 2.75 oz/t silver at the Stocker Prospect; up to 7.2 g/t gold at the Shrik Prospect; and 13.6 g/t gold at the 954 Prospect. The Incinerator Trail Zone has been tested by four reconnaissance-style diamond drill holes in the 1980's and returned assays of 1.78 g/t gold over 4.0 m (hole RB-35) and 2.30 g/t gold over 4.05 m (hole RB-41).

The Shrik, Stocker, Boot N' Hammer prospects are hosted within a 1.7 km long by 40 to 400 m wide continuous alteration zone, that is controlled by a north-south striking fault. The fault extends immediately to the north along strike with similar repeating fault zones to the east outlining a potential strike extent of an additional 4 km. Initially, exploration in this area will be a primary focus for Magna Terra.

The Viking Project is host to variably tested gold prospects and showings including the Viking, Asgard, Thor's Cross, Odin's Triangle and Kramer Prospects. Trenching along the Viking Trend has returned gold grades ranging between 0.10 and 0.40 g/t over continuously sampled intervals of up to 40 m, and high-grade results including a grab sample from a large boulder of altered granite from the northeast end of the Viking Trend which returned 12.0 g/t gold, and a channel sample grading 9.9 g/t gold and 52 g/t silver over 1.4 metres.

Cape Spencer Highlights

- 8 kilometres of highly prospective strike in the hanging wall of a regional scale structure with 10 known gold occurrences including the Emilio Zone (7.86 g/t over 7.4 m; AB-04-06) and drill ready targets;
- Hosted within similar Proterozoic-aged rocks of the Avalon Zone that host multi-million ounce gold deposits such as Haile, Ridgeway, and Hope Brook gold deposit

- Past production (1985-1989) of 194,224 tonnes producing 4,832 ounces @~50% recovery through heap leach;
- Two gold deposits open along strike - past drilling demonstrates broad zones of mineralization;
- Project has been dormant since 2005, with most of the historic work conducted between 1982-1987.
- Magna Terra has completed an updated NI 43-101 Technical Report and Mineral Resource Estimate on the Cape Spencer Deposit, details of which are available on SEDAR, and on the Company's website.

Details of the Cape Spencer Project

The Cape Spencer Project is an exploration stage project that has a history of past-production and the potential for near-term resource growth and discovery. Cape Spencer is located 15 kilometers southeast of Saint John, New Brunswick (Exhibit A and Exhibit C), comprising 104 mineral exploration claims covering 2,365 ha of land.

The Cape Spencer Project is centered along the Millican Lake Fault, a regional splay of the Caledonia and Cobequid Fault Zones. The Property is underlain by Precambrian Millican Lake granite, and Coldbrook and Cape Spencer volcanic and sedimentary rocks. The Precambrian stratigraphy is unconformably overlain by and in fault contact with younger Carboniferous sedimentary rocks of the Lancaster Formation.

Gold mineralization at Cape Spencer is hosted within Precambrian Millican Lake granite or bounding Coldbrook and Cape Spencer volcanic and sedimentary rocks, with mineralization and alteration focussed along strongly faulted and sheared contacts between the two lithologies. Alteration consists of pervasive and patchy illite + pyrite + quartz \pm iron carbonate \pm sulfide veins and stockworks with 2-5% total sulfides consisting of pyrite, galena, chalcopyrite or sphalerite, and locally show trace amounts of visible gold.

There are several gold prospects that warrant additional exploration over an 8-kilometre strike outside of the Pit and Northeast Zones particularly in the eastern half of the property that will initially be a primary focus for Magna Terra.

Highlights from historic exploration work outside of the main deposit areas from 1982 to 2004 include:

Emilio Zone - Prospect at Eastern end of Property

- 7.86 g/t gold over 7.4 m (AB-04-06; near surface);
- 12.00 g/t gold over 1.4 m (chip) and 2.77 g/t gold over 3.0 m (chip); and
- Surface grab samples up to 168.00 g/t gold

Birches Zone - 300-metre-long gold-bearing alteration zone south of the Northeast Zone.

- 17.85 g/t gold over 1.0 metre within a zone grading 5.23 g/t gold over 4.0 metres (MR-150);
- 9.48 g/t gold over 1.0 metre within a zone grading 4.01 g/t gold over 4.0 metres (MR-149);
- 3.60 g/t gold over 5.0 metres (AB-04-08);
- 12.00 g/t gold over 1.4 metres (chip) and 2.77 g/t gold over 3.0 metres (chip); and
- Surface grab samples up to 168.00 g/t gold

Zone A - *Grab samples up to 53.50 g/t gold.

Zone C - *Grab samples up to 8.92 g/t gold and chip sample of 2.77 g/t gold over 3.0 m.

Zone D - *Five occurrences of visible gold with grab samples up to 7.12 g/t gold.

*Grab samples are selected samples and are not necessarily indicative of mineralization that may be hosted on the property.

Early Warning

In connection with the Acquisition, Anaconda acquired ownership and control of 12,493,482 common shares in the capital of Magna Terra representing approximately 27.32% of the issued and outstanding common shares of Magna Terra as of July 30, 2020. The deemed consideration payable for the common shares was \$2,498,696.40, calculated as an aggregate of 12,493,482 common shares at a price of \$0.20 per common share. Prior to the completion of the Acquisition, Anaconda did not hold any securities in Magna Terra.

The common shares were acquired pursuant to a share purchase agreement between Magna Terra and Anaconda and did not take place through the facilities of any market for Magna Terra's securities. This transaction was effected for the sale of ExploreCo, a wholly-owned subsidiary of Anaconda. Anaconda may increase or decrease their investments in Magna Terra at any time, or continue to maintain their current investment position, depending on market conditions or any other relevant factor.

This portion of this new release is issued pursuant to National Instrument 62-103 - The Early Warning System and Related Take-Over Bid and Insider Reporting Issues, which also requires an early warning report to be filed on SEDAR (www.sedar.com) containing additional information with respect to the foregoing matters. A copy of the related early warning report may be obtained on Magna Terra's SEDAR profile or by contacting Anaconda at 150 York Street, Suite 410, Toronto, Ontario M5H 3S5, Attention: Robert Dufour tel: 416-304-6622.

Qualified Person

This news release has been reviewed and approved by David A. Copeland, P. Geo., Chief Geologist with Anaconda Mining Inc., a "Qualified Person", under National Instrument 43-101 - Standard for Disclosure for Mineral Projects. Widths from drill core intervals reported in this press release are presented as core lengths only. True widths are unknown. All quoted drill core sample intervals, grades and production statistics have been compiled from historic assessment reports obtained from either the Government of New Brunswick or Newfoundland and Labrador.

About Magna Terra

[Magna Terra Minerals Inc.](#) is a precious metals focused exploration company, headquartered in Toronto, Canada. Magna Terra owns two district-scale, advanced gold exploration projects in the world class mining jurisdictions of New Brunswick and Newfoundland and Labrador. Further, the Company maintains a significant exploration portfolio in the province of Santa Cruz, Argentina which includes its precious metals discovery on its Luna Roja Project, as well as an extensive portfolio of district scale drill ready projects available for option or joint venture.

About Anaconda

Anaconda is a TSX and OTCQX-listed gold mining, development, and exploration company, focused in Atlantic Canada. The company operates mining and milling operations in the prolific Baie Verte Mining District of Newfoundland which includes the fully-permitted Pine Cove Mill, tailings facility and deep-water port, as well as ~11,000 hectares of highly prospective mineral lands including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project. Anaconda is also developing the Goldboro Gold Project in Nova Scotia, a high-grade resource and the subject of an on-going feasibility study.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Cautionary Statements Regarding Forward Looking Information

Some statements in this release may contain forward-looking information. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding potential mineralization) are forward-looking statements. Forward-looking statements are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's ability to control or predict, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Company's expectations, changes in world gold markets or markets for other commodities, and other risks disclosed in the Company's public disclosure record on file with the relevant securities regulatory authorities. Any forward-looking statement speaks only as of the date on which it is made and except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement.

Exhibit A: Magna Terra Project Locations

Exhibit B: Great Northern and Viking Project property geology and gold occurrences

Exhibit C: Cape Spen

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