

Osisko Metals Signs C\$100 Million Investment Agreement With Appian Natural Resources Fund for a Joint Venture on Pine Point

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MONTREAL, Feb. 22, 2023 - [Osisko Metals Inc.](#) (the "Company or "Osisko Metals") (TSX-V: OM; OTCQX: OMZNF; FRANKFURT: 0B51) is pleased to announce that it has entered into an investment agreement dated February 21, 2023 (the "Investment Agreement") with a subsidiary of Appian Natural Resources Fund III LP ("Appian"), a fund advised by Appian Capital Advisory LLP, a London-based private equity group specializing in the acquisition and development of mining assets, pursuant to which Osisko Metals and Appian have agreed to form a joint venture for the advancement of the Pine Point Project (the "Transaction"), subject to satisfaction of certain terms and conditions, including shareholder and stock exchange approvals. The Transaction is an arm's length transaction within the policies of the TSX Venture Exchange (the "Exchange").

Highlights

- Commitment by Appian to invest up to C\$100 million over an estimated four-year period, to acquire an undivided 60% interest in [Pine Point Mining Ltd.](#) ("PPML"), a wholly-owned subsidiary of Osisko Metals and owner of the Pine Point Project, at a pre-money valuation of PPML of C\$91.3 million.
- The C\$100 million investment includes an estimated C\$75.3 million of funding (C\$19.8 million of which will be provided upon establishment of the joint venture, the "Initial Subscription") to advance the Pine Point Project to a Final Investment Decision ("FID"), or construction approval, and approximately C\$24.7 million in cash payments to Osisko Metals, comprised of:
 - A C\$8.3 million initial payment on closing of the Transaction to acquire an initial 9% interest in PPML; and
 - A milestone payment upon positive FID to bring Appian's ownership in PPML to 60%, expected to be approximately C\$16.4 million. The final milestone payment will increase or decrease should the actual amount spent to FID differ from the estimated budget of C\$75.3 million.
- In addition, Appian has agreed to make a C\$5 million investment in the common shares of Osisko Metals on closing, priced at C\$0.2481 per share (being the 20-day VWAP calculated as of the date of this announcement).

Robert Wares, Chairman & CEO, commented: "We are delighted to welcome Appian as a long-term joint-venture partner for the advancement of the Pine Point Project. This milestone agreement is a significant endorsement and daylights the considerable intrinsic value of Pine Point. The Transaction allows us to leverage Appian's extensive mine development experience and includes a crucial investment of C\$75 million into the Project that will advance the development of Pine Point to a "shovel-ready" status. This funding is expected to cover all costs including final definition drilling, additional exploration drilling, feasibility, environmental assessment and permitting, including Indigenous engagements. This joint venture, coupled with Appian's significant cash payments to Osisko Metals and C\$5 million equity investment, will allow Osisko Metals to focus on the development of other projects while avoiding excessive dilution to advance the Pine Point Project."

Summary of Joint Venture

Osisko Metals and Appian have agreed to a budget to fund Pine Point to FID as follows:

Definition and Exploration Drilling	C\$25.2 million
Permitting and G&A	C\$29.3 million
Feasibility and Technical Studies	C\$8.7 million
Metallurgical Optimization Studies	C\$1.0 million
Geotech/Hydrogeological Studies	C\$4.3 million

Contingencies	C\$6.8 million
Total	C\$75.3 million

Subsequent to the closing of the Transaction and until Appian has acquired an ownership interest of 60% in PPML (the "Target Ownership Percentage"), all funding in respect of the Pine Point Project will be made by way of cash calls issued by the board of PPML to Appian, the quantum and speed of which are determined at the sole discretion of the board of directors of PPML. The Company will not be required to make any cash contributions to PPML until Appian has reached the Target Ownership Percentage, following which cash calls will be satisfied by each of Appian and Osisko Metals on a pro-rata basis pursuant to approved annual programs and budgets as determined by the board of PPML. Pursuant to the terms of the Investment Agreement, in the event of a protracted intervening event, Appian has a unilateral right to terminate its investment commitment.

The board of directors of PPML will initially consist of four directors with two nominees from Appian and two nominees from Osisko Metals. Appian will be entitled to appoint the Chair and the Chair will have the casting vote. Upon Appian earning an interest in PPML above 50%, the board of directors will consist of five directors with three nominees from Appian and two nominees from Osisko Metals. The board of directors of PPML will be responsible for, among other things, approving PPML's annual programs and budgets. Certain material decisions will require a super-majority approval by the board of directors.

The joint venture agreement in respect of the Transaction, to be signed upon closing of the Transaction, contains customary dilution mechanisms for failures to meet cash calls and certain other events, as well as customary share transfer restrictions.

Jeff Hussey, President & COO of Osisko Metals, will assume the role of Chief Executive Officer of PPML and spearhead the initiative to advance Pine Point to FID. There are no changes contemplated to the board of directors of Osisko Metals in connection with the Transaction.

Transaction Details

The Transaction is considered as a "reviewable disposition" under Policy 5.3 of the Exchange, as it is a potential disposition of more than 50% of the ownership interest in the Pine Point Project, which is Osisko Metal's only material property as of the date hereof. The Transaction is subject to the simple majority approval of Osisko Metals' shareholders, Exchange approval and other closing conditions customary in transactions of this nature. There is no certainty on the timing or ability of Osisko Metals to complete the Transaction on the terms currently contemplated. The Investment Agreement includes, among other things, a non-solicitation provision and a C\$4.5 million termination fee payable by Osisko Metals to Appian under certain circumstances.

Concurrent with closing of the Transaction, Osisko Metals and Appian will enter into an investor rights agreement (the "Investor Rights Agreement"). The Investor Rights Agreement includes, among other things, pre-emptive and top-up rights in favor of Appian, a standstill provision for a period of 12 months and a share transfer restriction provision for a period of six months.

Osisko Metals believes that it will be in compliance with all continued listing requirements of the Exchange following the completion of the Transaction. Osisko Metals expects to continue to meet public float requirements and have sufficient working capital and financial resources as well as experienced management and board. Although the Transaction contemplates a disposition of up to 60% in the Pine Point Project, Osisko Metals will maintain a substantial 40% interest in the Pine Point Project. In addition, Osisko Metals had exercised the option to earn a 100% interest in the past-producing Gaspé Copper Mine with an inferred mineral resource estimate on the Gaspé property effective April 12, 2022. No assurance can be provided as to Osisko Metals' continued qualification for listing on the Exchange, whether as a Tier 1 issuer or otherwise. The Transaction, including the C\$5 million investment by Appian in the common shares of Osisko Metals, remains subject to the approval of the Exchange.

For more details on the terms of the Transaction, please refer to a copy of the Investment Agreement, which will be available electronically on SEDAR (www.sedar.com) under Osisko Metals' issuer profile.

Fairness Opinion

Maxit Capital LP has provided a fairness opinion to the board of directors of Osisko Metals. The fairness

opinion stated that, as of the date thereof and, based upon and subject to the assumptions, limitations and qualifications stated in such opinion, the Transaction is fair, from a financial point of view, to the Company.

Board Approval

The board of directors of Osisko Metals, following consultation with their financial and legal advisors, has unanimously approved the Transaction. The Board of Directors of Osisko Metals recommends that shareholders vote FOR the Transaction.

Voting Support Agreements

Shareholders collectively owning approximately 18.7% of the outstanding shares of Osisko Metals as of the date hereof have entered into voting support agreements with Appian in support of the Transaction. Directors and senior officers of Osisko Metals collectively owning approximately 18.2% of the outstanding shares of Osisko Metals have entered into voting support agreements to support the Transaction. It is currently anticipated that the closing of the Transaction will occur on or about late Q1 2023 or early Q2 2023.

Interim Funding

Concurrent with the execution with the Investment Agreement, Osisko Metals and Appian entered into an agreement for the issuance of a convertible instrument to provide PPML with short-term interim funding of up to C\$11.5 million to fund the current drilling program on the Pine Point Project, in accordance with the agreed initial program and budget. The current 29,000-metre winter definition drilling program is progressing as planned with six drill rigs operating and this program, with associated costs, will be integrated into the Investment Agreement and pre-FID budget, retroactively as of December 1, 2022.

If the Investment Agreement is terminated and the Transaction does not close, the principal amount then outstanding under the convertible instrument would then become repayable. Subject to the approval of the Exchange at such a repayment event, the amount then outstanding under the convertible instrument would be repaid by the issuance of common shares of Osisko Metals, at the minimum permitted price under the policies of the Exchange, for up to 19.95% of the *pro forma* number of issued and outstanding common shares of Osisko Metals, and the remaining amount (if any) will be converted into a senior secured term loan.

If the Transaction is completed, any outstanding amounts under the convertible instrument would be converted into an ownership interest in PPML and the Initial Subscription would be reduced for the amounts outstanding under the convertible instrument. Such a conversion is subject to the acceptance of the Exchange in respect of the Transaction as a whole.

Advisors and Counsel

Maxit Capital LP is acting as financial advisor to Osisko Metals and Bennett Jones LLP is acting as the Company's legal counsel.

McCarthy Tétrault LLP is acting as Appian's legal counsel.

Qualified Person

Mr. Robin Adair is the Qualified Person and the Vice President of Exploration for [Osisko Metals Inc.](#) He is responsible for the technical data reported in this news release and is a Professional Geologist registered in the Northwest Territories.

About Osisko Metals

[Osisko Metals Inc.](#) is a Canadian exploration and development company creating value in the critical metals space, specifically copper and zinc. The Company controls one of Canada's premier past-producing zinc mining camps, the Pine Point Project, located in the Northwest Territories, for which the 2022 PEA has indicated an after-tax NPV of \$602M and an IRR of 25%, based on a long-term zinc price of US\$1.37/lb and the current Mineral Resource Estimates ("MRE") that are amenable to open pit and shallow underground mining. The latest MRE consists of 15.7Mt grading 5.55% ZnEq of Indicated Mineral Resources and 47.2Mt grading 5.94% ZnEq of Inferred Mineral Resources. Please refer to the technical report entitled "Preliminary Economic Assessment, Pine Point Project, Hay River, Northwest Territories, Canada" dated July 30, which has been filed on SEDAR. The Pine Point Project is located on the south shore of Great Slave Lake in the Northwest Territories, near infrastructure, paved highway access, and has an electrical substation as well as 100 kilometres of viable haulage roads already in place.

The Company is also in the process of acquiring, from Glencore Canada, a 100% interest in the past-producing Gaspé Copper Mine, located near Murdochville in the Gaspé peninsula of Quebec. The Company is currently focused on resource evaluation of the Mount Copper Expansion Project that hosts a NI43-101 Inferred Resource of 456Mt grading 0.31% Cu (see April 28, 2022 press release). Gaspé Copper hosts the largest undeveloped copper resource in Eastern North America, strategically located near existing infrastructure in the mining-friendly province of Quebec.

About Appian

Appian Capital Advisory LLP is a London-headquartered investment advisor to long-term value-focused private equity funds that invest solely in mining and mining-related companies.

Appian is a leading investment advisor in the metals and mining industry, with global experience across South America, North America, Europe, Australia and Africa and a successful track record of supporting companies to achieve their development targets, with a global operating portfolio overseeing nearly 5,000 employees. Appian has a global team of 60 experienced professionals with presences in London, Toronto, Montreal, Vancouver, Lima, Belo Horizonte and Perth. The Appian team, through its private equity funds, has a long history of successfully bringing mines through development and into production, having completed 8 mine builds in the last 5 years.

For more information, please visit www.appiancapitaladvisory.com, or find us on LinkedIn, Instagram and Twitter.

For further information on this press release, visit www.osiskometals.com or contact:

Robert Wares, Chairman & CEO of [Osisko Metals Inc.](http://www.osiskometals.com)

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Cautionary Statement on Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation based on expectations, estimates and projections as at the date of this news release. Any statement that involves predictions, expectations, interpretations, beliefs, plans, projections, objectives, assumptions, future events or performance are not statements of historical fact and constitute forward-looking information. This news release may contain forward-looking information pertaining to the Pine Point Project, including, among other things, the results of the PEA and the IRR, NPV and estimated costs, production, production rate and mine life; the expectation that the Pine Point Project will be a robust operation and profitable at a variety of prices and assumptions; the ability to identify additional resources and reserves (if any) and exploit such resources and reserves on an economic basis; the expected high quality of the Pine Point concentrates; the potential impact of the Pine Point Project in the Northwest Territories, including but not limited to the potential generation of tax revenue and contribution of jobs; the Pine Point Project having the potential for mineral resource expansion and new discoveries; the timing and ability for the Pine Point Project to reach construction decision; the estimated costs to take the Pine Point Project to construction decision; the timing and ability to complete the Transaction on the terms contemplated (if at all); the ability of the Company to realize on the benefit of the Transaction; and the impact to the Company of the disposition of ownership interest and control in the Pine Point Project, which is a material property of the Company. There can be no certainty on the timing, costs and ability for the joint-venture parties to take the Pine Point Project to reach construction decision or pursue planned exploration and development as presently contemplated.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including, without limitation, assumptions about; favourable equity and debt capital markets; the ability and timing for the parties to fund cash calls to advance the development of the Pine Point Project and pursue planned exploration and development; the ability to complete the Transactions in the timing and terms contemplated (if at all); the ability to satisfy or waive on satisfactory terms any conditions to the completion of the Transaction (including but not limited to, the

Exchange acceptance and shareholder approval of the Transaction); future prices of zinc and lead; the timing and results of exploration and drilling programs; the accuracy of mineral resource estimates; production costs; operating conditions being favourable; political and regulatory stability; the receipt of governmental and third party approvals; licenses and permits being received on favourable terms; sustained labour stability; stability in financial and capital markets; availability of equipment; the economic viability of the Pine Point Project; and positive relations with local groups. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from such forward-looking information are set out in the Company's public documents filed at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accept responsibility for the adequacy or accuracy of this news release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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