

Capella Announces Definitive Agreement for the Sale of its Central Norway Copper-Cobalt Projects to NickelX and Financing Update

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VANCOUVER, BC, Oct. 17, 2023 /CNW/ - [Capella Minerals Ltd.](#) (TSXV: CMIL) (OTCQB: CMILF) (FRA: N7D2) ("Capella" or the "Company") is pleased to announce that it has entered into a binding asset sale agreement (the "Agreement") with NickelX AS ("Nickel X"), a private Norwegian mining company, through which it will divest its interests in the Hessjøgruva, Kjøli, and Løkken copper-zinc-cobalt projects located in Trøndelag Province, central Norway (collectively the "Central Norway Copper Projects" or the "Assets")(the "Transaction").

NickelX currently holds 100% interests in 4 nickel exploration projects in northern Norway (namely Hamn, Palfjellet, Birgivi, and Envold), and is in the process of undertaking an Initial Public Offering ("IPO") with the combined Assets on Oslo's Euronext Growth Exchange with the objective of becoming Norway's leading independent battery metals company.

The total consideration of the Transaction to Capella, payable upon completion of the NickelX IPO, is CAD \$7 million via a combination of cash and NickelX shares.

Eric Roth, President and Chief Executive Office of Capella said: "Capella is pleased to have reached this agreement with NickelX providing for the creation of a premier Norwegian battery metals company. Combining our Central Norway Copper Projects with NickelX's exploration properties and then listing on the Oslo Euronext Exchange will ensure that our projects are benefited through access to local capital and stakeholders rewarded through advancement of the project portfolio. The Transaction will also allow us to further focus on our organic operations in Finland while, through the contemplated distribution of NickelX shares, enabling our shareholders to retain direct exposure to the strong upside of those Assets. We are very confident that NickelX has the technical and financial capabilities, through its access to the Nordic capital markets, along with the depth of expertise and vision to advance further the exciting development phases of the Assets and to become the Norwegian critical minerals champion requires for the energy transition".

Main Terms of the Transaction

Capella has agreed to sell its 100% interests in the Assets to NickelX under the following main terms:

- Capella will receive at closing of the Transaction C \$5 million (the "Cash Consideration") in cash; and
- Capella will also receive new NickelX shares with a value of C \$2 million (the "Share Consideration") to be issued and allotted to the Company at the IPO. Thereafter Capella intends to distribute the Share Consideration to its shareholders on a pro-rata basis. Further information about such distribution and return on capital to Capella's shareholders will be given in connection with the completion of the transaction. Completion of the Transaction is conditional upon, (i) the successful IPO of NickelX on Euronext Growth Exchange in Oslo, (ii) Capella shareholders' approval, (iii) receipt of the written consent of each counterparty to some existing royalty agreements and (iv) TSX Venture Exchange approval. Closing of the Transaction is expected to take a couple of months with a long-stop date agreed by the parties of April 7, 2024, following which each party retains the option to terminate the Transaction.

Financing Update

To allow fair dissemination of the news of the Transaction, the Company has determined to cancel its previously announced private placement (June 13, updated August 31, 2023) to ensure that participants in the private placement can be fully informed of the Transaction.

Consequently, the Company wishes to announce a new non-brokered private placement, under the same

terms as the previous financing of up to 33 million units at a price of C\$0.03 per unit to raise gross proceeds of up to C\$1,000,000 (the "Private Placement"). The Company had already secured an initial commitment of C\$357,000 from an existing European-based shareholder with a focus on the metals required for the green energy transition.

Concomitantly, the Company is also pleased to report a C\$500,000 lead order in the revised Private Placement by Mr. Julien Balkany, a founder and related-party to NickelX, through one of his personal investment vehicles. Mr. Balkany has agreed to the lead order subject to the same terms as conditions of the Private Placement, which is not tied to the closing of the Transaction. For clarity, Mr. Julien Balkany will not become an Insider of Capella as he will not own more than 9.9% of the common shares of the Company.

Each unit of the Private Placement consisting of one common share in the capital of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of C\$0.06 per share at any time within two years from the date of issuance. The warrants shall also be subject to an accelerated exercise clause in the event the Company's share price exceeds C\$0.15 for 10 consecutive trading days.

Proceeds from the Private Placement, assuming total amount raised, are anticipated to be expended as to 50% on advancing the Company's northern Finland gold-copper assets and 50% for payment of accounts payable and for general working capital purposes.

The Company may pay finders fee's in either cash, shares, share purchase warrants or a combination thereof, as permitted by regulators, on a portion of the Private Placement and of the Transaction. All securities issued under the Private Placement will be subject to a hold period of four months from the date of issuance.

The Company intends to complete the Private Placement prior to the end of the month, upon receipt of conditional approval from the TSX Venture Exchange.

About Julien Balkany

Julien Balkany has extensive experience as a seasoned investor and board member in the natural resources industry. Julien is the Founder of Nanes Balkany Partners, a New York based investment fund. Julien Balkany is currently the position of Chairman of Panoro Energy ASA and Chairman of Pan African Diamonds Ltd. He is also a non-executive director of Gulf Keystone Petroleum Ltd. and has been a on the board of Sarmin Bauxite Ltd. Amromco Energy SRL (a subsidiary of Mercuria Energy Trading), Norwegian Energy Company ASA (Noreco), Gasfrac Energy Services Ltd and Toreador Resources Corp. Julien began his career as an oil & gas investment banker and studied at the Institute of Political Studies (Strasbourg) and at UC Berkeley.

On Behalf of the Board of Directors of [Capella Minerals Ltd.](#)

"Eric Roth"

Eric Roth, Ph.D., FAusIMM
President & CEO

About Capella Minerals Ltd

Capella is engaged in the exploration and development of quality mineral resource properties in favourable jurisdictions with a focus on European base and battery metals projects.

In Finland, the Company holds a 70% interest in the Northern Finland Gold-Copper project (Central Lapland Greenstone Belt) through a Joint Venture with ASX-listed Cullen Resources Ltd. A total of five exploration permits have now been approved, including the high-priority Killero Cu-Au target which is currently scheduled for first-pass drilling in Q1, 2024. In central Finland, the Company's focus is on the discovery of lithium and REE deposits in the broader Keliber district through a JV with [European Energy Metals Corp.](#) (TSXV: FIN), together with the Company's Perho reservation.

In Norway, the Company's focus has been on: i) the advanced exploration-stage Hessjøgruva copper-cobalt project and the adjacent Kongensgruve and Kjølvi projects in the northern Røros mining district, and ii) the discovery of satellite high-grade copper-cobalt deposits around the past-producing Løkken copper mine. The Company also holds an interest in the Vaddas-Birtavarre copper-cobalt project in northern Norway.

Capella also retains exposure to exploration success in precious metals projects through its Canadian Joint Ventures with Prospector Metals Corp. (TSXV: PPP) at Savant, Ontario, and [Agnico Eagle Mines Ltd.](#) (TSX/NYSE: AEM) at Domain, Manitoba. The Company also holds a 49% interest in the Sierra Blanca low sulfidation gold-silver project in Santa Cruz, Argentina, which is currently being explored by Austral Gold Ltd (TSXV: AGLD; ASX: AGD). Strategic alternatives for all three precious metals projects are currently being evaluated.

Cautionary Notes and Forward-looking Statements

This news release contains forward-looking information within the meaning of applicable securities legislation. 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. Such statements include, without limitation, statements regarding the future results of operations, performance and achievements of Capella, including the timing, completion of and results from the exploration and drill programs described in this release. Although the Company believes that such statements are reasonable, it can give no assurances that such expectations will prove to be correct. All such forward-looking information is based on certain assumptions and analyses made by Capella in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. This information, however, is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Important factors that could cause actual results to differ from this forward-looking information include those described under the heading "Risks and Uncertainties" in Capella's most recently filed MD&A. Capella does not intend, and expressly disclaims any obligation to, update or revise the forward-looking information contained in this news release, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information.

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