

Serbia mining: Mundoro up 50% as Freeport signs Serbian option

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Mundoro Capital Inc. shares rallied strongly Monday July 30 after the company said it has granted Freeport-McMoran Exploration Corp. an option to earn into Mundoro's Savinac and Bacevica exploration licenses located within the southern portion of Timok Magmatic Complex in Serbia.

Mundoro shares jumped 50% on the news, or \$0.06 to 18 cents on volume of 463,350. The shares are trading in a 52-week range of 20 cents and 8.5 cents.

Timok is one of the most prolific metallogenic domains in the Tethyan Belt. Timok hosts the Cukaru-Peki deposit and the Serbian state operated Bor copper porphyry underground mine and the Veliki Krivelj copper-gold porphyry open-pit mine.

Freeport-McMoran also holds a 39.6% interest in the Lower Zone of Nevsun Resources Ltd.'s Timok Project which is located in within the central zone of the Timok Magmatic Complex. Nevsun is currently the target of a \$1.5 billion hostile takeover proposal by Lundin Mining Corp.

Under the agreement announced on Monday, Mundoro has granted Freeport the option to earn, over two phases, up to a 75% interest in the Freeport-Mundoro joint venture project by funding expenditures of US\$45 million (C\$59.2 million) as follows.

Phase One

Freeport can earn a 51% interest in the joint venture project by sole-funding US\$5 million in expenditures by the third anniversary of the agreement.

Mundoro will be the operator of the Freeport-Mundoro joint venture project in Phase One.

Phase Two

Following Phase One, Freeport can elect within 60 days to enter Phase Two, whereupon it can earn an additional 24% interest in the Freeport-Mundoro JV Project, for a total 75% interest, by sole-funding an additional US\$40 million in expenditures by the fifth anniversary of the election date.

If Freeport (a) elects not to enter Phase Two, or (b) does not satisfy the Phase Two Option, then Freeport will, for a period of 10 years thereafter, pay Mundoro an additional fee of US\$100,000 in each year in which the annual work program and budget adopted by the joint venture is a work program and budget proposed by Freeport.

Additional Terms

The agreement is subject to (i) Freeport's satisfaction with, or waiver of, a due diligence condition; and (ii) the transfer of the Freeport-Mundoro joint venture project from a current Mundoro Serbian subsidiary to a special purpose Serbian subsidiary wholly-owned by the joint venture.

If either party's interest in the joint venture is reduced below 10% through dilution, the diluted party's interest will be converted to a 2% net smelter return royalty, of which up to 1% NSR can be re-purchased.

"This agreement is our third partnership in Serbia, which reflects the continued industry interest in Timok, the Tethyan Belt, and demonstrates the prospectivity of Mundoro's land package within the region," said Mundoro President and CEO Teo Dechev.

The Savinac license covers 90 km² and is located 15 kilometres southwest of the Bor Mine. Bacevica covers 148 square km² and is located directly south of the Savinac license.