

Tlamino Project in Serbia and acquisition of Fortuna Silver Mines' interest

Categories : [Mining](#)

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Medgold Resources Corp. has secured an exclusive option to purchase Fortuna's 51% interest in the Project for a cash consideration of US\$ 3.468 million. Medgold announced that it has entered into a non-binding Letter of Intent with Fortuna Silver Mines Inc. to acquire Fortuna's 51% interest in the Tlamino Project located in Serbia.

The Option is valid for three years and is exercisable upon the earlier of (I) the expiry of the term of the Option, (II) the date of completion of a sale by Medgold of a 100% interest in the Project to a third party, or (III) the date of completion of a merger between Medgold and a third party.

Fortuna will also be entitled to deferred monthly option fees of US\$23,000 per month commencing from the date of the Definitive Agreement to the date of exercise of the Option, payable upon exercise of the Option. In the event that the Option is exercised within 12 months of the date of the Definitive Agreement, the Monthly Fees will be fixed at US\$276,000. Should Medgold not complete a sale of the Project or corporate merger within the term of the Option, Medgold will transfer its undivided 49% interest in the Project to Fortuna for no consideration, such that Fortuna will then hold an undivided 100% interest in the Project.

If Medgold completes a sale of the Project or corporate merger as described above and receives consideration attributable to the Project in excess of US\$ 13 per ounce of the Project's Inferred Mineral Resource, Medgold will pay to Fortuna an asset sale bonus equal to 10.2% of any amount in excess of US\$13 per ounce, less all of Medgold's costs related to the sale or corporate merger.

The Option is subject to the execution of a definitive agreement to be entered into between Medgold and Fortuna within 60 days of the effective date of the Letter, and will contain terms and conditions customary for transactions of this type. The Option is subject to approval from the TSX Venture Exchange, and the boards of directors of both companies. Medgold and Fortuna have a director in common. Pursuant to the terms of the option agreement between Medgold and Fortuna dated March 6, 2017, and as later amended, Fortuna has earned a 51% interest in the Project by spending US\$ 3 million in exploration expenditures, as announced on January 30, 2020.

The Tlamino Project

An Inferred Mineral Resource containing approximately 680,000 oz AuEq in 7.1Mt grading 3.0

g/t AuEq at cut-off grade of 0.7 g/t AuEq was announced in regard to the Barje Prospect on January 30, 2020. As part of this work, bulk rougher flotation tests were performed on two composite samples which, formed of 50.39 kg of core from the Company's 2018 drilling program at the Barje prospect, yielded head grades of 2.04 g/t Au and 10.99 g/t Au and gold recoveries to concentrate of 88.2% and 90.5%, respectively. The same composite samples yielded silver head grades of 15.1 g/t Ag and 107.2 g/t Ag, and silver recoveries to concentrate of 88.2% and 96.4% respectively.

The Tlamino Project covers an area of approximately 200km² in southern Serbia and is held by Medgold under two exploration licenses. Outcropping mineralization was first observed at the Barje Prospect by Yugoslav State agencies in the 1950s and 1960s when a short adit was opened but no drilling was carried out. The prospect was then held by private and public companies between approximately 2005 and 2012 during which time limited drilling failed to intersect significant mineralization.

Medgold conducted mapping, surface sampling and geophysics (IP) followed by diamond drilling at the Barje Prospect in 2018 and 2019, all fully funded by Fortuna, which successfully intersected gold mineralization in a shallowly inclined body of hydrothermal breccia below altered schist. The Inferred Mineral Resource at the Barje Prospect extends from surface to a depth of approximately 110m as a shallowly inclined zone over an area of approximately 600 m x 350 m. The true thickness of mineralization generally ranges between 10 m to 40 m.

Source: juniorminingnetwork.com