Caprock Signs Binding Option Agreement to Acquire Destiny Gold Project in Quebec

written by Raj Shah | December 4, 2024

December 4, 2024 (Source) – Caprock Mining Corp. (CSE: CAPR) ("**Caprock**" or the "**Company**") is pleased to announce that, further to its press releases dated September 23, 2024 and November 1, 2024, it has entered into a binding option agreement dated December 3rd, 2024 (the "**Option Agreement**") setting out the terms of an option to acquire a 100% interest in the Destiny gold property ("**Destiny**", or the "**Property**") located near Val D'Or, Quebec from Big Ridge Gold Corp. (the "**Optionor**") (the "**Transaction**").

Destiny comprises 127 mineral claims that collectively span an area of 5,013 hectares located less than two hours' drive from Val D'Or. The project lies along a major deformation corridor in the Abitibi greenstone belt that includes the prolific Cadillac-Larder Lake and Destor-Porcupine fault zones which host numerous producing and development-stage gold deposits that are in close proximity to Destiny (see Figure 1). The project overlies a 6.0 km long segment of the poorly explored Despinassay shear zone which is a splay off the regional Chicobi Fault. One of the several gold deposits discovered on the Property is the DAC Deposit which has a near-surface, National Instrument 43-101 ("**NI 43-101**") compliant mineral resource estimate ("**MRE**") comprising the following gold inventory:

- 10.8 million tonnes averaging 1.05 g/t Au and containing 364,000 ounces Au in the Indicated category; and
- 8.3 million tonnes averaging 0.92 g/t Au and containing

247,000 ounces Au in the Inferred category.

(The above is based on the March 2011 NI 43-101 technical report on the DAC Deposit authored by Todd McCracken, P.Geo., who is an independent qualified person pursuant to NI 43-101. The MRE was established using a gold price of US$973 per ounce Au and a cut-off grade of 0.5 g/t Au.).

Management believes that gold mineralization is open at the DAC Deposit along strike, at depth and on parallel structures on the Property. This resource expansion potential is in addition to the potential to explore for, and establish, independent mineral resource estimates on several of the other deposits that have previously been identified on the Property through exploration drilling.

Terms of the Transaction

Pursuant to the Option Agreement, Caprock has an option to acquire a 100% interest in the Property by incurring the following obligations over the course of three years (which may be accelerated at Caprock's option) from the date of the closing of the Transaction (the "**Closing Date**"):

- Issuance of 8,000,000 common shares of the Company on the Closing Date at a deemed issue price of $0.05 per common share for a total deemed value of $400,000;
- Payment of $100,000 in cash and $250,000 in common shares of the Company on or before the 1-year anniversary of the Closing Date with the number of shares being based on a per share deemed issue price equal to the greater of (i) the 20-day volume weighted average price ("VWAP") for the 20 days preceding the date of issuance of the additional common shares and (ii) $0.05;
- Payment of $250,000 in cash and $350,000 in common shares

of the Company on or before the 2-year anniversary of the Closing Date with the number of shares being based on a per share deemed issue price equal to the greater of (i) the 20-day VWAP for the 20 days preceding the date of issuance of the additional common shares and (ii) $0.05;

- Payment of $400,000 in cash and $700,000 in common shares of the Company on or before the 3-year anniversary of the Closing Date with the number of shares being based on a per share deemed issue price equal to the greater of (i) the 20-day VWAP for the 20 days preceding the date of issuance of the additional common shares and (ii) $0.05;
- Incurring qualified expenditures on the Property totaling $2,450,000 with the following breakdown:

- $200,000 on or before the 1-year anniversary of the Closing Date;
- an additional $750,000 on or before the 2-year anniversary of the Closing Date; and
- an additional $1,500,000 on or before the 3-year anniversary of the Closing Date.

All common shares of the Company to be issued to the Optionor pursuant to the terms of the Transaction will be subject to a four-month statutory hold period from the date of issuance.

Upon the completion of the above obligations by Caprock, the Optionor will retain a 1% NSR on the Property, all of which could be purchased by Caprock for $1,000,000 at any time.

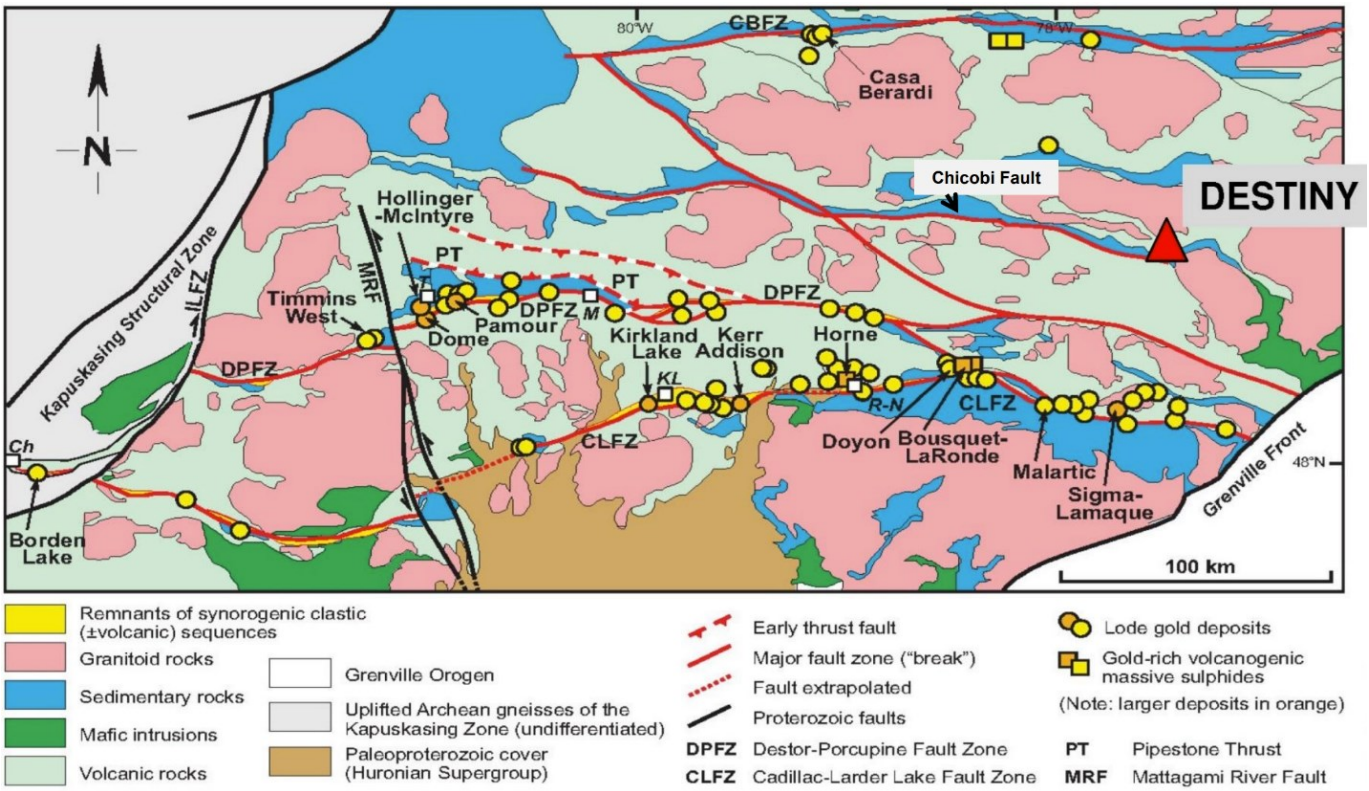


Figure 1: Location of the Destiny gold project relative to other gold projects in the region

To view an enhanced version of this graphic, please visit: https://images.newsfilecorp.com/files/8515/232449_a9395cf5946d69b3_001full.jpg

The Transaction shall close on the Closing Date, subject to satisfaction of the following conditions:

- Completion of a capital raise by Caprock for a minimum amount of $400,000;
- Satisfactory due diligence by Caprock, including but not limited to legal, corporate, financial and technical due diligence;
- The Closing Date for the Transaction must be on or before the four-month anniversary of the Option Agreement; and
- Standard regulatory and stock exchange approvals.

As the Optionor is the holder of approximately 19.3% of the outstanding common shares the Transaction will constitute a related party transaction under applicable securities laws. The Transaction was negotiated by Vishal Gupta and Daniel Cohen on behalf of the Company as they are independent of the Optionor. Disinterested shareholder approval of the Transaction was obtained at the annual and special meeting of shareholders of the Company held on November 7, 2024.

The scientific and technical information disclosed in this release has been reviewed and approved by Mr. Vishal Gupta, the Company's President & CEO. Mr. Gupta is a P.Geo. registered with the Professional Geoscientists of Ontario (PGO), and a. "qualified person" as defined under National Instrument 43-101, Standards of Disclosure for Mineral Projects.

The source of the historical resources estimate (the "Historical Estimate") was a NI 43-101 technical report dated March 1, 2011 authored by Todd McCracken, P.Geo. working for Wardrop and prepared for Alto Ventures Ltd., a previous owner of the Property. Management of the Company believes that the Historical Estimate is reliable based on the fact that it was prepared by a qualified person with extensive experience in Archean and Proterozoic gold deposits, working for a world-renowned resource firm. In order to bring this Historical Estimate to current relevance, the estimate needs to be re-generated using current economic parameters in the context of the current gold price environment and latest costing estimates. The key assumptions and parameters of the Historical Estimate are as follows: (i) drill holes used: 152; (ii) gold price of US$973/oz; (iii) strip ratio: 4:1; (iv) cut-off grade: 0.5 g/t Au; (v) FX Rate: 1.02 CAD – 1.00 USD; (vi) gold recovery: 94%; (vii) operating cost: $14.30/tonne; and (viii) operating rate: 10,000 tpd. Furthermore, the Company would like to note that the Historical Estimate's global block model statistics showed good agreement

between all three separate modeling methods, including ordinary kriging, inverse distance squared and nearest neighbour. The Historical Estimate does not use categories other than the ones set out in Sections 1.2 and 1.3 of NI 43-101. Approximately 10,000 metres of diamond drilling was conducted on the Property subsequent to the Historical Estimate, and the Company needs to complete check assays on drill core and re-generate the resource estimate through a third-party qualified person. The updated resource estimate, if completed, is expected to take into account the ~10,000 metres of additional drilling, and present-day gold economics. The Company confirms that a qualified person has not done sufficient work to classify the Historical Estimate as current mineral resources or mineral reserves, and the Company is not treating the Historical Estimate as current mineral resources or mineral reserves.

For More Information

Please contact:
Vishal Gupta
President & CEO
Tel.: +1 (647) 466-0506
E-Mail: vgupta@caprockmining.com

Cautionary Statement Regarding Forward-Looking Statements

All statements in this press release about anticipated future events or results constitute forward-looking statements including, but not limited to, statements with respect to: those that address the anticipated closing of the transaction contemplated by the Option Agreement, the resource expansion potential of the Property and the ability to obtain the necessary approvals for the closing of the Transaction. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan",

“estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein, are forward-looking statements, and include: the potential future exercise of the option by Caprock, including receipt of the consideration payable and the incurring of the expenditures by Caprock required for it to exercise the option. Although Caprock believes that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since Caprock can give no assurance that such expectations will prove to be correct. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the risks, uncertainties and other factors identified in Caprock’s periodic filings with Canadian securities regulators. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from Caprock’s expectations include risks associated with the business of Caprock; risks related to reliance on technical information provided by Caprock; risks related to exploration and potential development of the Company’s mineral properties; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and First Nation groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop

properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risk factors as detailed from time to time and additional risks identified in Caprock's filings with Canadian securities regulators on SEDAR+ in Canada (available at www.sedarplus.ca). Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Caprock does not undertake any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

Neither the Canadian Securities Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.