



[Galileo Resources PLC](#) - GLR

Conclusion of Concordia JV Agreement

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Galileo Resources Plc
("Galileo" or "the Company")

Galileo Concludes Cooperation and Joint Venture Agreement to acquire an interest in the Concordia Copper Project in the Okiep Copper District, in Northern Cape Province of South Africa and Appoints Independent Geological Consultant

Galileo (AIM:GLR), the exploration and development mining company, is pleased to announce it has entered into a Cooperation and Joint Venture Agreement (the "Agreement") with Shirley Hayes ("SH") and Shirley Hayes, ipk (Pty) Ltd ("SHIP"), which holds the prospecting rights to the 36,373 hectare (19km²) Concordia copper property ("Concordia") in the **Okiep Copper District ("OCD")** in the Namaqualand Complex in the Northern Cape Province of South Africa. This follows the binding and exclusive Memorandum of Understanding with Shirley Hayes and SHIP, previously announced on 17 November 2015, to earn-in and acquire up to an 80% interest (subject to dilution by the BEE partner to not less than 69.39%) in the Concordia Copper Project (the "Project"). Galileo's ability to spend the ZAR10million is conditional on it procuring the necessary funding.

Highlights:

- Parties to the Agreement complete and confirm their respective due diligences
- Galileo to earn-in a 51% beneficial interest in the Project, by way of 51% beneficial shareholding in SHIP, on expenditure of ZAR10million (approximately GBP500 000) over 14 months on exploration and development
- Post earning-in the 51% beneficial shareholding in SHIP, Galileo at its election has the option to incorporate a joint venture company (the "JV") to own, manage and operate the Project, which JV will acquire any and all the Project related assets and liabilities from the Parties. Upon incorporation of the JV, Galileo will hold a 51% beneficial shareholding and SH a 49% beneficial shareholding in the JV
- Should Galileo elect to continue with exploration and development of the Project in the JV, Galileo can acquire a further 29% beneficial shareholding in the JV, in aggregate 80% of the JV by

way of issue of 30 million new Galileo ordinary shares at the then market price to Shirley Hayes. This will then be diluted to an interest of not less than 69.39% through a share issue to a BEE partner

- The 30 million Galileo shares will be subject to a 12 month lock-in, after which Galileo will use its best endeavours to sell 20% of such shares if so requested by SH
- Should Galileo elect not to continue with its participation in the project beyond the R10 million expenditure, Galileo shall dilute to a 15% beneficial shareholding in Project and JV
- Galileo mandates Minxcon Consulting, a multifaceted independent South African geological and mining consulting group, to review and model the geological data base in order to identify zones with open pitable mining potential
- Preliminary computer modelling assessment of Concordia data identifies the opportunity to model surface mineable tonnes and grades not common in the global mining world
- Concordia is identified to host some 5 potential massive bulk copper mineralized zones within a 10km radius of each other
- Huge database available on the region for initial examination including 1,377 kilometres of drilling on Concordia

Colin Bird, CEO said:" Both Parties, having completed satisfactory due diligence, have progressed and signed a formal agreement against the salient terms as appended. We are very positive about the project's fundamentals and consequently have immediately appointed a reputable independent geological consulting company to fast track, further modeling of the deposit, design of a suitable open pit and an initial financial assessment. We expect very quickly to position Concordia relative to other major emerging global copper projects."

General

The Okiep Copper District ("OCD"), which incorporates Concordia, was the world's largest copper producing region until the late 1920s. The nearby (10km) O'okiep underground, copper mine was the second largest copper producer in South Africa after the Phalaborwa copper mine (Limpopo Province) , which continues to operate to his day. The focus on exploration then was on deep underground mines working high-grade copper ore.

The 12-month exploration programme envisaged includes:

- Independent modeling and design of open pits at various cut off grades to optimise tonnage and grades
- Geological resource estimate
- Preliminary metallurgical testwork (1st six months).
- Drilling (2nd six months)
- Publish Preliminary Economic Assessment

The OCD, which hosted 26 previous copper mines, is located within the Bushmanland mobile belt of southern Africa, is within 30km of the town of Springbok in the Northern Cape Province.

Copper orebodies have been mined within the OCD since 1852, although serious mining did not commence until 1931. Total contained copper metal in past production and known reserves from these deposits as at 1985 was 2 Mt from/within 27 separate localities over an area of around 3000km².

Total production plus reserves for the period 1940 to 1979 is reportedly 95 Mt @ 1.75% Cu. Individual mines ranging from 0.2 Mt to 37 Mt include O'okiep, Spektakel, Carolusberg, Nababeep and **Concordia**.

The mined and known copper deposits are confined to the **Koperberg Suite ("KS")**, the youngest major group of intrusives in the district. The **KS** occurs as swarms of generally irregular, easterly trending, steep north dipping, dyke-like bodies, usually 60- to 100m wide seldom exceeding 1km in continuous strike length. The **KS** bodies are found within narrow linear antiformal structures (locally called 'steep structures') along which the continuity of the adjoining 'intruded' Namaqualand Metamorphic Complex rocks has been interrupted by piercement folding and faulting. In places pipe-like bodies of 'mega-breccia' that generally lie along these structures are hosts to the **KS**. Steep structures, 'mega-breccias' and the **KS** all post date the major fold events.

The **KS** comprises mainly the basic rocks diorite, anorthosite and norite in order of decreasing abundance. Many of the **KS** bodies are entirely uniform, while others are composite. There is some evidence for initial anorthosite, followed by progressively more basic types. Magnetite is a ubiquitous component and in places volumetrically important. The copper is associated with the more basic lithologies.

The copper sulphide minerals, mainly chalcopyrite and bornite with subsidiary chalcocite, range from fine disseminations, to coarse granular, to vein aggregates, to local massive concentrations. Pyrite is widespread but in small amounts, sometimes containing traces of cobalt. Pyrrhotite (Fe₇S₈) is present in some orebodies, with associated pentlandite (NiFeS), while minor galena (PbS) and sphalerite (ZnS) is found in others.

A sizeable geological exploration data base on the Project area is available, including mapping sampling, geophysics, and some 1 300km of historic drilling. The preliminary data for Concordia suggest the potential for a super-open pit type deposit, of possibly some 100Mt or more at a grade of about 0.6% Cu, mainly as sulphides.

Recent reviews of the geological and previous exploration data around the Project area suggest that any further focus on modeling for narrow **high-grade** deep copper-vein type deposits would not be the correct approach to exploration.

Preliminary modeling of the Project data for ore bodies at appropriately lower Cu cut-off grades than that for underground mining is suggesting the potential for large wide mineralised deposits close to surface on a scale akin to the **super-pit** copper operations in North America.

SHIP is a private company controlled by Shirley Hayes which was incorporated to hold the Concordia Project. SHIP's sole asset is the Concordia Project and it has no liabilities.

The salient terms of the Agreement are appended to this announcement, a copy of which is available on the Company's website www.galileoresources.com
You can also follow Galileo on Twitter: @GalileoResource

Technical Sign-Off

Andrew Sarosi, Director of Galileo, who holds a B.Sc. Metallurgy and M.Sc. Engineering, University of Witwatersrand and is a member of the Institute of Materials, Minerals and Mining, is a "qualified person" as defined under the AIM Rules for Companies and a competent person under the reporting standards. The technical parts of this announcement have been prepared under Andrew's supervision and he has approved the release of this announcement.

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Appendix:

The Salient terms of the Agreement include:

- a. Galileo expends ZAR10 000 000 ("Committed Amount") over 14 months from the Effective Date (9 November 2015) of the Agreement on an agreed work programme ("Work Programme") for the Concordia project ("Project");
- b. On expenditure of Committed Amount, Galileo earns 51% beneficial shareholding in SHIP ("1st Beneficial Shareholding");
- c. Galileo deposits the Committed Amount in an ad hoc account in two tranches:
 - i) ZAR6 000 000 by no later than 15 March 2016
 - ii) ZAR4 000 000 by no later than 1 October 2016
- d. Incumbent CEO of SHIP remains CEO of SHIP during the 14-month Work Programme
- e. On acquiring the 1st Beneficial Shareholding, if Galileo elects within 30 days of acquisition to continue with exploration and development, it will allot and issue SH, 30 000 000 new Galileo ordinary shares ("Issue Shares") at the price prevailing at the time of allotment to acquire 29% beneficial shareholding (2nd Beneficial Shareholding") in SHIP and incorporating JV-SPV taking Galileo's total Beneficial Shareholding in SHIP and incorporating JV-SPV to 80% and SH holding 20%;
- f. taking Galileo's total Beneficial Shareholding to 80% and SH holding 20%;
- g. The Issue Shares will be subject, inter alia, to a 12-month lock-in period;
- h. If Galileo satisfies itself that a technically and economically viable project exists to turn to account for the benefit of the parties, then at Galileo's election, it either participates in the Project in SHIP or incorporates a joint venture special purpose vehicle ("JV-SPV") to manage and operate the Project for the benefit of the Parties;
- i. The beneficial shareholding in SHIP and incorporating JV-SPV will be Galileo 51% and SH 49%;
- j. Should Galileo elect not to continue beyond the Committed Amount, then Galileo dilutes to 15% beneficial shareholding ("Diluted Shareholding") in SHIP and incorporating JV-SPV and SHIP and incorporating JV-SPV has first right of refusal to buy back the Diluted Shareholding at agreed fair value;
- k. On Galileo acquiring 80% beneficial shareholding and incorporating JV-SPV, and in order to enable Black Economic Empowerment ("BEE") participation in the Project, Galileo will create special purpose BEE company ("BEE Company") in which the BEE entity holds 51% interest ("BEE Interest") and Galileo and SHIP holds 49% interest pro rata their respective beneficial shareholding in the SHIP, namely 80% Galileo and 20% SH;
- l. The 51% BEE shareholding on the BEE Company will be the subject of a preference share structure which enables all Project development costs to be recovered before division from any future sale of Project or dividend distribution;
- m. SH will retain a 17.35% free carry in SHIP and incorporating JV-SPV.

n. SHIP continues with a Section 102 application in terms of the Mineral and Petroleum Resources Development Act ("MPRDA") as amended, to amend its Prospecting Rights to include the right to prospect all minerals not only copper.

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