



# OSISKO METALS ANNOUNCES FRIENDLY ACQUISITION OF PINE POINT MINING

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MONTREAL, QUEBEC, CANADA, December 18, 2017 /EINPresswire.com/ -- Montréal, Québec and Toronto, Ontario (December 18, 2017) – Osisko Metals Incorporated ("Osisko Metals") (TSX-V:OM) and Pine Point Mining Limited ("Pine Point") (TSX-V:ZINC) are pleased to announce that they have entered into a definitive arrangement agreement dated December 15, 2017 (the "Agreement") pursuant to which, among other things, (i) Osisko Metals has agreed to acquire all of the issued and outstanding common shares of Pine Point, and (ii) a newly formed company ("Spinco") will be created to hold all of the assets and liabilities of Pine Point, with the exception of the Pine Point project located in the Northwest Territories (the "Pine Point Project"), all of which is to be completed by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Arrangement will result in Osisko Metals acquiring the Pine Point Project in furtherance of Osisko Metals' stated strategy of consolidating and developing base metal assets at the mining district scale. Under the terms of the Agreement, holders of common shares of Pine Point (each, a "Pine Point Share") will be entitled to receive, for each Pine Point Share held immediately prior to the effective time of the Arrangement:

- i) 0.271 (the "Exchange Ratio") of a common share of Osisko Metals (each whole common share, an "Osisko Metals Share");
- ii) 0.0677 of a common share purchase warrant of Osisko Metals (each whole common share purchase warrant, an "Osisko Metals Consideration Warrant"), with each Osisko Metals Consideration Warrant entitling the holder thereof to acquire one Osisko Metals Share at an exercise price of C\$1.50 per Osisko Metals Share for a period of 12 months from the closing of the Arrangement, and
- iii) one (1) common share of Spinco (a "Spinco Share"), which will be consolidated on a 10:1 basis under the Arrangement.

The Exchange Ratio implies consideration of approximately C\$0.21 per Pine Point Share, based on the closing price of the common shares of Osisko Metals on the TSX Venture Exchange ("TSX-V") on December 15, 2017 (which, for greater certainty, attributes no value to the Osisko Metals Consideration Warrants or Spinco Shares). Further, the Exchange Ratio represents a premium of (i) approximately 23% based on the respective closing prices, and (ii) approximately 27% based on the respective 30-day volume-weighted average prices, in each case, of Osisko Metals Shares and Pine Point Shares on the TSX-V as of the close of business on December 15, 2017. This implies a total equity value of approximately C\$34 million on a fully diluted in-the-money basis. Shareholders of Pine Point will also benefit from the equity interest in Spinco and the optionality inherent in the Osisko Metals Consideration Warrants that they are entitled to received under the Arrangement. Upon completion of the Arrangement, existing shareholders of Osisko Metals and Pine Point will own approximately 62% and 38%, respectively, of pro-forma Osisko Metals (on a fully diluted in-the-money basis).

## Pro-forma Osisko Metals Highlights

- Leading Base Metal Explorer: Solidifies Osisko Metals' position as one of the most aggressive base metal exploration and development companies at a time when base metal supply and demand fundamentals are exceptional.
- Consolidation of Canada's Two Premier Zinc Producing Camps: The Pine Point Project adds another

cornerstone asset to the Osisko Metals portfolio. Combined with the Bathurst Mining Camp, Osisko Metals now controls a strong development project pipeline within two world class past-producing base metal camps.

- **Maintains Strong Balance Sheet:** Pro-forma Osisko Metals will continue to have a strong balance sheet, with approximately C\$38 million of cash that is available to aggressively advance both of its brownfield assets.
- **Strong Shareholder Support:** Osisko Metals has entered into voting and support agreements with each director and senior officer of Pine Point and certain significant shareholders of Pine Point (being Global Resource Fund and Zebra Holdings and Investments S.à.r.l.) representing approximately 39.2% of the outstanding Pine Point Shares. These supporting shareholders of Pine Point have, among other things, agreed to vote their Pine Point Shares in favour of the Arrangement.

#### Pine Point Project Highlights

- **Leveraging Substantial Infrastructure:** The Pine Point Project is located near Hay River in the Northwest Territories. Unique among mining projects in the Northwest Territories, the Pine Point Project benefits from substantial infrastructure including paved road access, rail head in Hay River and hydro-electric power available on site.
- **Ready for Development:** The Pine Point Project has had a positive Preliminary Economic Assessment study that was filed on May 2017, which focused on a restricted subset of open-pit deposits, totaling 25.8 million tonnes of Indicated Resources grading 2.9% zinc and 1.1% lead and 3.7 million tonnes of Inferred Resources grading 2.9% zinc and 0.8% lead, within a larger historical resource portfolio, which has not been prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). With multiple advanced exploration targets, Osisko Metals believes the Pine Point Project is one of the most promising undeveloped zinc assets in Canada.
- **Positive Economics:** Pre-Tax Net Present Value of C\$340.8 million at a discount rate of 8%, and Internal Rate of Return of 47.8%, with a payback period of 1.4 years. After-Tax Net Present Value of C\$210.5 million and Internal Rate of Return of 34.5%, with a payback of 1.8 years. Pre-production capital costs of C\$153.8 million, including a 15% contingency, with sustaining capex of C\$117.5 million over the life of the mine.

[Click on the link to access the full press release.](#)

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