

Tinka issues shares to Buenaventura at an 83% premium to market



Tinka Resources {TSX.V: TK}

Has entered into an equity subscription agreement with Compania de Minas Buenaventura SAA.

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Tinka arranges \$16-million financing with Buenaventura

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Mr. Rob Bruggeman reports

TINKA ANNOUNCES STRATEGIC INVESTMENT BY BUENAVENTURA

[Tinka Resources Ltd.](#) has entered into an equity subscription agreement with Compania de Minas Buenaventura SAA. Buenaventura is a precious and base metals mining and exploration-development company with numerous mining operations in Peru, listed on the New York Stock Exchange and Lima Stock Exchange.

Under the terms of the agreement, Buenaventura will subscribe for 65,843,620 common shares of Tinka at a price of 24.3 cents per common share for gross proceeds to Tinka of \$16-million. The issue price represents a premium of 83 per cent to Tinka's three-month VWAP (volume-weighted average price) and a premium of 45 per cent to Tinka's six-month VWAP, on the TSX Venture Exchange.

Upon closing of the Buenaventura subscription, Buenaventura will become a new insider of Tinka holding approximately 19.9 per cent of the outstanding common shares of the company on a non-diluted basis, subject to the exercise of pre-existing pre-emptive rights.

The long-term nature of this strategic relationship is demonstrated by Buenaventura agreeing to a 24-month equity lock-up on the common shares, as well as to certain customary standstill provisions. Subject to receipt of TSX Venture Exchange acceptance, the private placement is expected to

close on or about Jan. 7, 2020.

The net proceeds from the private placement will be used for development of the company's Ayawilca project, further exploration, and for working capital and general corporate purposes. No finder's fees or commissions are payable on the private placement.

The president and chief executive officer of Tinka, Dr. Graham Carman, stated: *"We are thrilled to welcome Buenaventura as a strategic investor in Tinka and to have them join our share register, which includes long-term supportive shareholders such as Sentient. The investment by Buenaventura, which is at a significant premium to market price, is a strong endorsement of the Ayawilca project and our management team. Buenaventura is a large and well-respected Peruvian mining company that has extensive experience in developing, building and operating mining projects in Peru."*

The CEO of Buenaventura, Victor Gobitz, stated: *"Buenaventura is very pleased to make this strategic investment in Tinka. We believe that the Ayawilca project is an attractive development project that may benefit from synergies with some of our existing operations in Peru, such as Uchucchacua, El Brocal and Yumpag, as well as offering potential for additional mineral resource growth and new discoveries."*

Upon closing of the Buenaventura subscription, for so long as Buenaventura owns 5 per cent or more of the outstanding shares of Tinka, on a partially diluted basis, Buenaventura will have the right to nominate one individual to Tinka's board of

directors. In the event that Buenaventura owns 20 per cent or more of the outstanding shares of Tinka, on a partially diluted basis, Buenaventura will have the right to nominate two individuals to Tinka's board.

It is expected that the first Buenaventura director nominee will be appointed at the next annual general meeting of shareholders of the company. In addition, Buenaventura has been granted a pre-emptive right to maintain its percentage interest in the outstanding shares of Tinka, in connection with any future issuances of Tinka securities, subject to certain exclusions.

Sentient Global Resources Fund IV LP, an insider of the company, has exercised its pre-existing participation rights in respect of the private placement. As a result, Sentient IV will subscribe for a minimum of 10,288,066 common shares in the private placement at the issue price for additional gross proceeds to Tinka of \$2.5-million. Upon closing of the private placement and assuming no additional pre-emptive rights are exercised, it is anticipated that Sentient IV will hold an aggregate of 74,036,831 common shares of Tinka or approximately 21.7 per cent of the company's outstanding common shares, and approximately 22.5 per cent on a partially diluted basis assuming only Sentient IV warrants are exercised. As a result of the exercise of Sentient IV's pre-emptive right, and on the assumption no additional rights are exercised, it is anticipated that Buenaventura will hold 19.3 per cent of the outstanding common shares of the company on a non-diluted basis, upon closing of the private placement.

It is not known at this time if additional pre-existing pre-emptive rights will be exercised. In the event that additional

pre-emptive rights are exercised, Tinka may issue up to an additional 12 million common shares in the private placement at the issue price for additional gross proceeds to the company of approximately \$2.9-million.

Participation by Sentient IV in the private placement is considered a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. The company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the insider's participation in the private placement in reliance of sections 5.5(b) and 5.7(a) of MI 61-101.

All securities issued in connection with the private placement will be subject to a statutory four-month hold period. The private placement is subject to certain conditions customary for transactions of this nature, including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange.