

# Prime Meridian Resources Corp. Executes LOI for Purchase Option on the El Chuin Copper Project

Vancouver, British Columbia--(Newsfile Corp. - December 5, 2022) - **Prime Meridian Resources Corp. (TSXV: PMR)** ("PMR" or the "**Company**") is pleased to announce that the Company has executed two letters of intent dated November 26th (LOIs) for the option to purchase up to a 100-per-cent interest in the 3,792-hectare El Chuin Copper Project (the "Project" or "El Chuin"), located in Sonora, Mexico, 65 kilometres southeast of the La Caridad Copper Molybdenum Porphyry Deposit and 269 kilometres northeast of Hermosillo.

Brian Leeners, CEO of Prime Meridian, stated, "The El Chuin Copper Project is a rare opportunity to add a potentially large copper porphyry target to our growing portfolio of copper projects in Sonora, Mexico. We are very excited about El Chuin, where the work done to date has identified extensive mineralization and hydrothermal alteration exhibiting a porphyry copper signature."

## El Chuin Copper Project

The El Chuin Copper Project covers an interpreted porphyry copper target, encompassing historical small-scale mine workings and widespread copper and iron mineralization in outcrops. High-grade copper mineralization is best developed on the hydrothermal vein structures on the La Azurita, Samaniego, and Loomis zones on the northern portions of the Property, while disseminated and replacement-type copper mineralization also occurs, with some outcrops measuring more than 100 metres in diameter. Elevated gold, silver, molybdenum and tungsten values have been reported to occur alongside copper mineralization. <sup>(1)</sup>

Mineralization on the Property is zoned outwards, from copper-molybdenum-bearing contact skarns proximal to the intrusion to distal lead-zinc-silver manto-type mineralization. The zonation of hydrothermal alteration, in conjunction with that of mineralization, is typical of a porphyry system. <sup>(1)</sup>

The nearest population centre is the town of Bacadéhuachi. The Project is readily accessible by paved highway from Hermosillo to Bacadéhuachi with an 11-kilometre well-maintained gravel road leading to the centre of the property.

Reconnaissance on the Project was carried out by Servicio Geológico Mexicano (SGM) in 1976. This work was summarised in a 2012 report on the Property, identifying nine significant mineralized zones: Samaniego, La Gloria, Nogales, Loomis, El Cantil, La Azurita, Breccia los Nogales, Los Tecolotes, and Arroyo. Highlights of some significant zones are outlined below. See **Figure 1**.

## Samaniego Zone

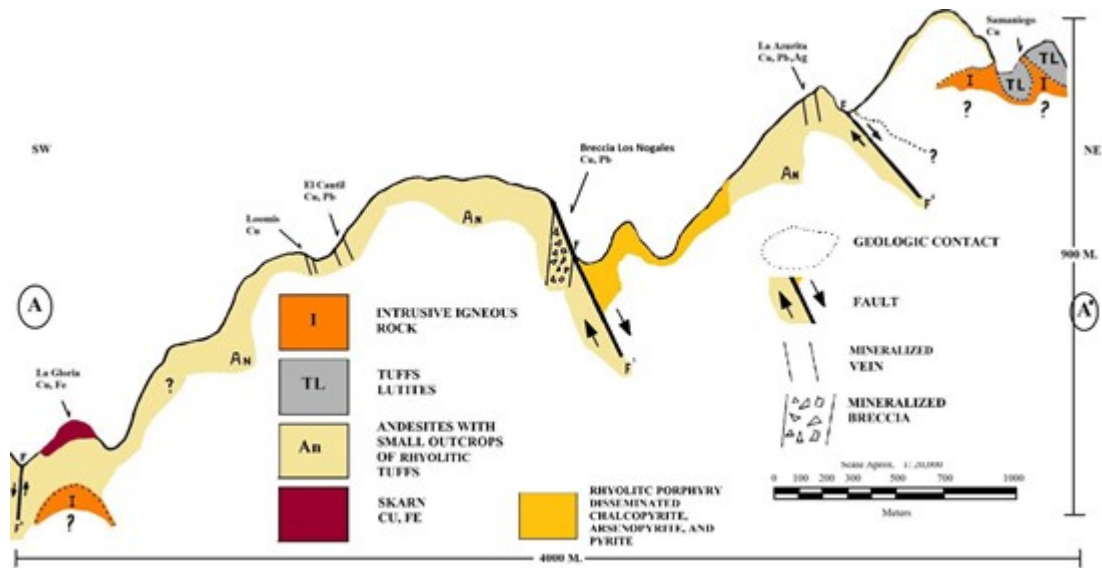
Mineralization in this zone consists of chalcopyrite-magnetite-specularite blebs along a NW trending fault within an andesite flow. This style of mineralization outcrops over a 250 by 10 to 20-metre area. SGM sampling of outcrops within this zone assayed 1.13% to 4.92% Cu, 122 to 548 ppm Zn, and 15 to 41.4 ppm Ag. See **Figures 2, 3, and 4**.\* <sup>(1)</sup>

## La Gloria Zone

Mineralization at the La Gloria prospect exhibits contact metamorphism and mineralization consists of chalcopyrite, magnetite, arsenopyrite, and pyrite. Mineralization occurs as pod-like masses and zones along faults and fractures irregularly spaced within a 250 by 100 metre area of outcrop. Assay values within this zone ranged from 0.08% to 2.68% Cu, 65 to 768 ppm Zn, and 11.5 to 40.6% Fe.\* <sup>(1)</sup>

## Nogales Zone (aka La Gloria 2)

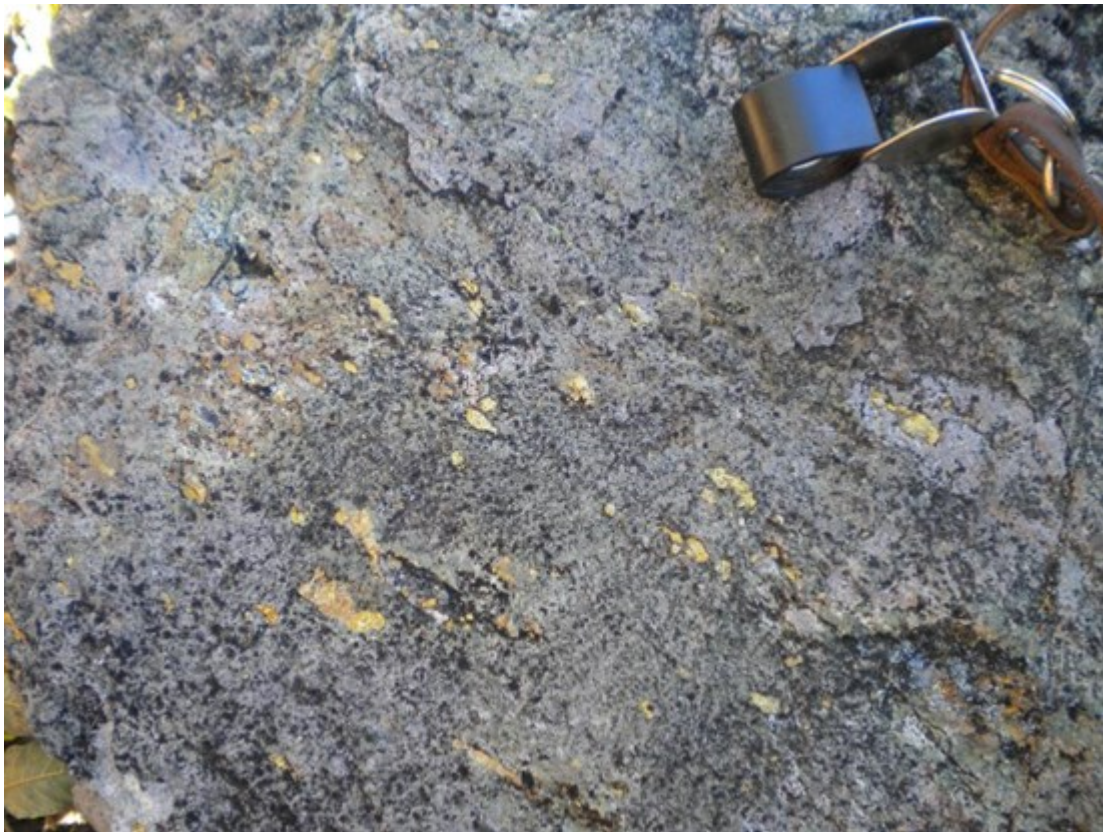
The Nogales prospect consists of a contact zone measuring 100 metres in length by 4 to 10 metres in width hosting blebs, pockets, and cavity fillings of pyrite-galena-sphalerite mineralization. Trenching identified continuous mineralization to at least three metres depth. Channel sampling of the structure returned values of 0.86% to 1.86% Zn and 4 to 51 ppm Ag.\* (1)



**Figure 1.** Geologic Section of the El Chuin Area (looking north)

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**Figure 2.** Closeup view of outcrop at Samaniego zone

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**Figure 3.** Closeup view of outcrop at Samaniego zone

To view an enhanced version of this graphic, please visit:

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**Figure 4.** 10 by 20-metre mineralized outcrop at Samaniego zone

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\* **Cautionary Note:** The reader is cautioned that grab rock samples are selective by nature and may not represent the true grade or style of mineralization across the Property.

## Qualified person

The technical contents of this release were approved by Case Lewis, P.Geo., a qualified person as defined by National Instrument 43-101.

## References

1. Bond, J.R., 2012. "Preliminary report: El Chuin, El Chuin 2, Nino Luis, and La Gloria Concessions, Bacadehuachi Sonora, Mexico".

## Transaction Details

In order to exercise the first Purchase Option, PMR will make cash payments totalling US\$230,000, exploration expenditures of \$2,225,000 and common share payments totalling 3,250,000 common shares to the vendor (Quirina Vasquez Vargas - QVV) for a 100% ownership of the El Chuin and El Chuin II concessions, over a 5-year term after the date of the execution of the Definitive Agreements, as follows:

	<b>Anniversary Cash Payment</b>	<b>Exploration Expenditures Prior to 5th Anniversary</b>	<b>Anniversary Common Shares</b>
<b>Year 1</b>	\$30,000	\$ -	-
<b>Year 2</b>	\$50,000	\$ -	250,000
<b>Year 3</b>	\$50,000	\$ -	500,000
<b>Year 4</b>	\$50,000	\$ -	1,000,000
<b>Year 5</b>	\$50,000	\$ -	1,500,000
	\$230,000	\$2,225,000	3,250,000

- PMR will have the right at any time prior to the termination of the Purchase Option to offer a one-time payment to QVV for 100% of the El Chuin and El Chuin II concessions.
- The Exploration Expenditures will be made on the timing and at the discretion of PMR and must total \$2,250,000 by the end of the 5th year after the date of the execution of the Definitive Agreements.
- The Parties agree that QVV will retain a one percent (1%) Net Smelter Royalty ("NSR"), registered with the Mining Ministry of Mexico. PMR, will have a right to buy back the NSR for US\$1.5 million and PMR, will also have a right of first refusal to buy back the NSR from QVV.
- PMR will only be required to make the initial cash payment of \$30,000 to QVV upon written confirmation from PMR counsel in Mexico that the accrued Mining Taxes/Duties/Fees are paid, and the concessions are in active status or are awaiting active status.
- PMR will pay for all legal fees and accrued Mining Taxes/Duties/Fees to bring the concessions to active status and maintain the concessions in active status during the term of the Purchase Option, including all legal fees pertaining to all transactions in order to effect the Purchase Option, such as but not limited to, legal fees to produce the Mexican Formal Agreement, fees to Register the Formal Agreement in Mexico, transfer of title(s) fees, legal fees involved in the purchase of the NSR by PMR, and all IVA taxes on all transactions to maintain the concessions in good standing during the Purchase Option. These fees will be accounted for and included as Exploration Expenditures, subject to copies of the invoices / receipts for these expenditures being provided to QVV.

In order to exercise the second Purchase Option, PMR will make cash payments totalling US\$1,500,000, to the vendor (Victor Jose Valencia Sierra - VJVS) for a 100% ownership of the La Gloria, La Gloria II, and Nino Luis concessions, before the five year anniversary date of the execution of the Definitive Agreements, as follows:

	<b>Cash Payment</b>	<b>Date</b>
<b>LA GLORIA</b>	\$250,000	<b>Prior to 5YR Anniversary</b>
<b>LA GLORIA II</b>	\$250,000	<b>Prior to 5YR Anniversary</b>
<b>NINO LUIS</b>	\$1,000,000	<b>Prior to 5YR Anniversary</b>
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	\$1,500,000	

- A. There are no required Exploration Expenditures or NSR for the La Gloria, La Gloria II, and Nino Luis concessions.
- B. PMR will only be required to make cash payments to VJVS upon written confirmation from PMR counsel in Mexico that the accrued Mining Taxes/Duties/Fees are paid, and the concessions are in active status or are awaiting active status.
- C. PMR will pay for all legal fees and accrued Mining Taxes/Duties/Fees to bring the concessions to active status and maintain the concessions in active status during the term of the Purchase Option, including all legal fees pertaining to all transactions in order to effect the Purchase Option, such as but not limited to, legal fees to produce the Mexican Formal Agreement, fees to Register the Formal Agreement in Mexico, transfer of title(s) fees, and all IVA taxes on all transactions to maintain the concessions in good standing during the Purchase Option.

The El Chuin concessions are currently not in good standing and PMR will be obliged to bring the concessions to good standing. No payments to the vendors will be made prior to obtaining good standing for the concessions.

The execution of the Definitive Agreements will be subject to the following conditions:

- The satisfactory completion of due diligence by both parties.
- Determination and quantification of the outstanding concession obligations.
- Each Party obtaining all necessary and appropriate governmental, regulatory, contractual, board of director, shareholder, member and other third-party licences, permits, approvals and/or consents which are required to execute the Definitive Agreements.
- Such other necessary and appropriate conditions as the parties shall mutually agree during their negotiations of the Definitive Agreements.

### **About Prime Meridian Resources**

Prime Meridian Resources is focused on the exploration and development to production of copper and silver projects in Mexico.

### **On behalf of the Board of Directors of Prime Meridian Resources Corp.**

*"Brian Leeners"*

**Brian Leeners, CEO & Director**

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*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved or disapproved the contents of this press release.*



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