

# Karus Gold Announces \$3M Brokered Financing and a \$2M Strategic Investment by Yamana Gold Inc.

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Proceeds to Advance the Company's South Cariboo District Gold Project

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All numbers reference are in Canadian dollars

Vancouver, March 29, 2022 - [Karus Gold Corp.](#) ("Karus Gold" or the "Company") is pleased to announce that it has entered into an agreement with Eight Capital, on behalf of a group of agents (collectively, the "Agents") to act as lead agent and sole bookrunner in connection with a private placement for aggregate gross proceeds of up to \$3,000,000 (the "Brokered Offering"). The Company is also pleased to announce that [Yamana Gold Inc.](#) ("Yamana") has completed a strategic investment in Karus Gold of \$2,000,000 on a non-brokered private placement basis (the "Strategic Investment"). As a result of the Strategic Investment, Yamana will own approximately 6.3% of the current issued and outstanding common shares ("Common Shares") of Karus Gold on a non-diluted basis.

"The investment by Yamana is an important endorsement of the South Cariboo Gold District from a major precious metal producer and mine developer that has an established reputation and track record operating and developing world-class mines throughout the Americas. We look forward to a positive working relationship with Yamana as we move to unlock the full potential of the project," stated Andrew Kaip, President & CEO of Karus Gold.

The Brokered Offering will be comprised of a combination of units (the "Units"), flow-through units (the "Flow-Through Units") and charity flow-through units (the "Charity Flow-Through Units") and, together with the Units and the Flow-Through Units, (the "Offered Securities") by way of a private placement subject to all required regulatory approvals at a price of \$0.35 per Unit, \$0.40 per Flow-Through Unit, and \$0.495 per Charity Flow-Through Unit. Each Unit will consist of one common share of the Company (each, a "Unit Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company (a "Warrant Share") at a price of \$0.50 at any time on or before the date which is 36 months after the closing date of the Brokered Offering. Each Flow-Through Unit and Charity Flow-Through Unit will consist of one common share of the Company that qualifies as a "flow through" common share and one-half of one Warrant. The Agents will have an option, exercisable in full or in part, up to 48 hours prior to the closing of the Brokered Offering, to sell up to an additional aggregate amount of \$1,000,000 of Units and/or Flow-Through Units and/or Charity Flow-Through Units at the respective offering prices (the "Agents' Option").

Separately, Yamana has acquired 5,714,286 Common Shares at a price of \$0.35 per Common Share, for a total Strategic Investment of \$2,000,000 in Karus Gold., representing approximately 6.3% of the current issued and outstanding Common Shares on a non-diluted basis Pursuant to the terms of the subscription agreement, Yamana has also been granted an option to acquire an additional 6,000,000 Common Shares at a price of \$0.50 per Common Share (subject to minimum pricing requirements of the TSX Venture Exchange or such other stock exchange on which the Common Shares may be listed) for a further \$3,000,000 investment in Karus Gold, exercisable at any time until March 28, 2025 the "Option"). Assuming the exercise of the Option in full, Yamana would own an aggregate of approximately 12.1% of the current issued and outstanding Common Shares, on a partially diluted basis, assuming no other convertible securities of Karus Gold were exercised. Prior to the Strategic Investment Yamana did not hold any securities of Karus Gold. Yamana holds the Common Shares for investment purposes. While Yamana currently has no plans or intentions with respect to the Common Shares, depending on market conditions, general economic and industry conditions, the price of the Company's securities, the Company's business, financial condition and prospects and/or other relevant factors, Yamana may develop such plans or intentions in the future and, at such time, may from time to time acquire additional securities, dispose of some or all of the existing or

additional Common Shares or may continue to hold the Common Shares or other securities of Karus Gold. A copy of the early warning report filed by Yamana will be available under Karus Gold's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting Sofia Tsakos, Senior Vice President, General Counsel and Corporate Secretary at 416-815-0220. Yamana's head office is located at Royal Bank Plaza, North Tower, 200 Bay Street, Suite 2200, Toronto, ON, M5J 2J3 and the Company's head office is located at 960 - 1055 West Hastings Street, Vancouver, BC V6E 2E9.

In addition, the subscription agreement provides Yamana with certain rights, subject to them exercising the Option and continuing to beneficially own or control not less than 5% of the Company, including the nomination of one individual to the board of directors of the Company and the appointment of one individual to the Technical Advisory Committee, anti-dilution rights and top-up rights and other customary terms. The subscription agreement also provides for a specific automatic anti-dilution issuance to Yamana in the event the Company issues shares below \$0.30 prior to becoming listed on the TSXV.

The Company plans to use the proceeds from the Brokered Offering and the Strategic Investment for the advancement of its South Cariboo District Gold Project in British Columbia, as well as for general corporate and working capital purposes.

The gross proceeds from the sale of the Flow-Through and Charity Flow-Through Units will be used for expenditures which qualify as "Canadian exploration expenses" ("CEE") within the meaning of the Income Tax Act (Canada). The Company will renounce such CEE with an effective date of no later than December 31, 2024.

The Brokered Offering is scheduled to close on or about April 14, 2022, or such other date as agreed to between the Company and the Agents, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals.

This press release is not an offer or a solicitation of an offer of securities for sale in the United States. The Offered Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration.

#### About Karus Gold

Karus Gold is 100% owner of the 1,000 km<sup>2</sup> South Caribou Gold District that includes the drill-stage FG Gold and Gold Creek projects in British Columbia. Karus Gold is supported by strategic investors Eric Sprott; and insiders, together with the management and Board, own approximately 54% of the basic shares outstanding.

Further information on Karus Gold and its assets can be found on the Company's website at [www.karusgold.com](http://www.karusgold.com) and at [www.sedar.com](http://www.sedar.com), or by email at [info@karusgold.com](mailto:info@karusgold.com) or by telephone at (888) 455-7620.

#### On behalf of Karus Gold

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#### Cautionary Statement Regarding Forward-Looking Information

This news release contains forward-looking statements relating to the future operations of the Company and

other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects", "suggests" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the completion of the Brokered Offering, the gross proceeds to be raised in the Brokered Offering, the actual use of the proceeds raised from the Brokered Offering and Strategic Investment, future plans and objectives of the Company, the successful listing on the TSXV, are forward-looking statements. Such forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect our current judgment regarding the direction of our business. Management believes that these assumptions are reasonable. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Such factors include, among others: risks related to exploration and development activities at the Company's projects, and factors relating to whether or not mineralization extraction will be commercially viable; risks related to the hazards and risks normally encountered in the exploration of minerals, such as unusual and unexpected geological formations; uncertainties regarding regulatory matters, including obtaining permits and complying with laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters, and the potential for existing laws and regulations to be amended or more stringently implemented by the relevant authorities; risks related to title to the Company's properties, including the risk that the Company's title may be challenged or impugned by third parties; the ability of the Company to access necessary resources, including mining equipment and crews, on a timely basis and at reasonable cost; competition within the mining industry for the discovery and acquisition of properties from other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel; access to suitable infrastructure, such as roads, energy and water supplies in the vicinity of the Company's properties; and risks related to the stage of the Company's development, including risks relating to limited financial resources, limited availability of additional financing and potential dilution to existing shareholders; reliance on its management and key personnel; inability to obtain adequate or any insurance; exposure to litigation or similar claims; currently unprofitable operations; risks regarding the ability of the Company and its management to manage growth; and potential conflicts of interest.

Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

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