

Sinchao Metals Corp. Closes CDN\$7.1 Million Private Placement

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire) -- 05/15/12 -- [Sinchao Metals Corp.](#) (TSX VENTURE: SMZ) (the "Company") is pleased to announce that on May 14, 2012, further to the news release dated March 28, 2012, it has closed its \$7.1 million private placement financing (the "Financing"). The Financing is being conducted in connection with the Company's announced proposed business combination (the "Transaction") with [Southern Legacy Minerals Inc.](#) ("Southern Legacy"). All funds referred to in the press release are in Canadian dollars.

The Financing consisted of the issuance of 7,108,617 subscription receipts (the "Subscription Receipts") priced at \$1.00 per Subscription Receipt for gross proceeds of \$7,108,617.

Upon completion of the Transaction and satisfaction of certain other conditions, each Subscription Receipt will automatically be exercised into one unit of the Company. Each unit will consist of one common share and one half of one share purchase warrant of the Company, with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$1.30 for a period of 24 months from the date of issuance. The Subscription Receipts and the underlying common shares and warrants will be subject to a four month hold period expiring on September 15, 2012. The gross proceeds of the Financing are being held in escrow pursuant to the terms of a subscription receipt indenture entered into between the Company and Computershare Trust Company of Canada ("Computershare"), and will be released to the Company, less certain fees payable to Computershare, upon the completion of the Transaction. The Transaction is subject to, among other things, TSX Venture Exchange approval, and the approval of the shareholders of both the Company and Southern Legacy.

Upon closing of the Transaction and the conversion of the Subscription Receipts into units, the Company has agreed to pay the following finder's fees to each of Haywood Securities Inc., Canaccord Genuity Corp. and KALLPA Securities Sociedad Agente de Bolsa S.A. (the "Finders"): (i) cash commissions of up to 7% of the gross proceeds raised under the Financing by such Finder; and (ii) broker warrants of up to 7% of the number of Subscription Receipts sold under the Financing by such Finder, each such broker warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of \$1.00 per common share for a period of 12 months from the date the broker warrant is issued.

Commenting on the private placement fundraising, David Rae, Chairman and CEO of [Sinchao Metals Corp.](#) said; "It is currently considered to be a very tight market for fundraising, particularly in the junior mining sector. We are very pleased with this outcome and look forward to completing the business combination with Southern Legacy Minerals as soon as possible."

ABOUT SINCHAO METALS CORP.

[Sinchao Metals Corp.](#) is a Canadian-based mineral exploration company, publicly traded since 2006, and listed on the TSX Venture Exchange under the symbol SMZ. The Company owns a gold-silver-copper-zinc-lead exploration project in the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru. The Company is a subsidiary of [Andean American Gold Corp.](#), which owns approximately 65.81% of its outstanding shares. For further information about [Sinchao Metals Corp.](#) please visit the Company's website at www.sinchaometalscorp.com or view the Company's documents on SEDAR at www.sedar.com.

ABOUT SOUTHERN LEGACY MINERALS INC.

Southern Legacy Minerals Inc. is a private Idaho-based mineral exploration company with projects in Chile, Colombia and Peru. Southern Legacy is led by a seasoned management team with extensive mineral exploration and development experience in South America. The principal mineral projects of Southern Legacy include interests in mining concessions contiguous to the Sinchao Project in Peru and the Puchuldiza gold deposit in northern Chile.

On behalf of Sinchao Metals Corp.

David Rae

On behalf of Southern Legacy Minerals Inc.
Cesar Lopez

CAUTIONARY STATEMENTS:

Completion of the Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular of the Company to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

FORWARD-LOOKING STATEMENTS

Certain of the information contained in this news release constitutes 'forward-looking statements' within the meaning of securities laws. Such forward-looking statements, including but not limited to those with respect to the completion of the proposed Transaction and the conditions necessary for conversion of the Subscription Receipts, the prices of metals and minerals, purchase payments, royalty payments, estimated future production and estimated costs of future production involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any forecast results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the failure to obtain necessary regulatory or shareholder approvals or satisfy the conditions to closing of the Transaction, the actual prices of metals and minerals, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the documents of the Company filed from time to time with the British Columbia Securities Commission.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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