

Galantas Gold Corp. Closes First Part of Private Placement and Shares for Debt Transaction

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TORONTO, Dec. 13, 2018 - [Galantas Gold Corp.](#) (the "Company") (TSXV:GAL) (AIM:GAL), the AIM and TSXV quoted gold producer and explorer with a 100% interest in Northern Ireland's Omagh gold mine, announces that the proposed private placement (the "Private Placement") for 80,000,000 common shares ("Common Shares") for gross proceeds of CDN\$6,900,000 (UK£4,000,000) previously outlined in the disclosure dated November 19, 2018 and updated on December 5, 2018 is anticipated to close in two parts.

The first part of the Private Placement closed on December 12, 2018 (the "First Closing") for 57,435,065 common shares of no par value. United Kingdom placees have subscribed at a price of UK£0.05 per Common Share. Canadian placees have subscribed at a price of CDN\$0.08625 per Common Share. Receipts attached to the First Closing of the Private Placement total CDN\$4,953,774 (UK£2,871,753). The Private Placement is still subject to final approval from the TSX Venture Exchange.

The second part of the Private Placement requires acceptance of the TSX Venture Exchange and is anticipated to be for 22,564,935 Common Shares for receipt of CDN\$1,946,226 (UK£1,128,247) (the "Second Closing"). The Second Closing pertains to Miton Asset Management Limited ("Miton"), a UK based investment institution, who has subscribed for a total of 50,000,000 Common Shares in total under the Private Placement, representing 16.68% of the Company's issued and outstanding Common Shares after the First Closing, Second Closing and the issuance of the Arrangement (as defined below). The TSX Venture Exchange imposes due diligence requirements on persons becoming an insider and acquiring 10% or more of an issuer's shares. As a result, on the First Closing and issuance of the Arrangement (noted below), Miton has been issued 27,435,065 Common Shares or 9.9% of the Company's issued and outstanding Common Shares. On completion of the Second Closing and subject to TSX Venture Exchange acceptance, Miton would become an insider of the Company by acquiring an additional 22,564,935 Common Shares on the Second Closing and would be the only subscriber in the Second Closing of the Private Placement.

The shares for debt transaction (the "Arrangement"), with Mr. Roland Phelps, President & CEO, [Galantas Gold Corp.](#), as outlined on November 19, 2018 and updated on December 5, 2018, took place in parallel with the First Closing and the Company has issued 10 million Common Shares, in exchange for converting UK£500,000 (CDN\$ 862,500) of debt accrued from past management fees. A written shareholder resolution approving the Arrangement was received from in excess of 50% of disinterested shareholders (the "Written Shareholder Resolution"). Upon completion of the First Closing and the Arrangement, Mr. Phelps will hold 49,338,167 Common Shares, representing 17.8% of the Company's total issued and outstanding Common Shares. After completion of the First Closing, the Arrangement, and the Second Closing, Mr. Phelps will hold 16.46% of the Company's total issued and outstanding Common Shares. The Arrangement has received final approval from the TSX Venture Exchange.

A four month hold period (the "Hold Period") will apply to the Common Shares of the Private Placement and Arrangement. The Hold Period will expire for the First Closing on April 13, 2019. The shares issued pursuant to the Private Placement and Arrangement will rank pari passu with the existing Common Shares in issue of the Company.

Melquart Ltd. ("Melquart") currently holds 40,224,545 common shares (representing 19.2% of the Company's total issued and outstanding Common Shares) and has subscribed for 22,000,000 Common Shares under the First Closing of the Private Placement. After the First Closing of the Private Placement and the issuance of the Arrangement, Melquart will hold 62,224,545 Common Shares, representing 22.45% of the total issued and outstanding Common Shares. After the First Closing, the issuance of the Arrangement and the Second Closing, Melquart's holdings will equate to 20.76% of the Company's issued and outstanding Common Shares.

As a result of Melquart's holdings, under Canadian securities law, Melquart is deemed to be a "control person" and the Company has therefore obtained the Written Shareholder Resolution consenting to Melquart's increased shareholding under the Private Placement to approximately 21% of the issued and outstanding Common Shares (excluding the issuance of the Arrangement). Melquart becoming a "control person" is still subject to final approval by the TSX Venture Exchange.

Additionally, the subscription made by Melquart is a related party transaction, within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). The Company has relied on the exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in sections 5.5(g) of MI 61-101 in respect of related party participation.

Roisin Magee, a Director of [Galantas Gold Corp.](#), has participated in the Private Placement with a subscription for 500,000 Common Shares. Ms. Magee will hold approximately 0.2% of the company's issued and outstanding Common Shares following the First Closing of the Private Placement and the issuance of the Arrangement.

The Company has applied for admission of the 67,435,065 Common Shares in connection with the First Closing of the Private Placement and the Arrangement to trade on the AIM market of the London Stock Exchange ("Admission") with Admission expected to occur on or around 18 December 2018.

Following Admission and the First Closing of the Private Placement and closing of the Arrangement, [Galantas Gold Corp.](#)'s Issued and Outstanding Common Shares will total 277,121,870.

A further announcement will be released upon receipt of final approval of the Private Placement from the TSX Venture Exchange.

Roland Phelps, President & CEO, [Galantas Gold Corp.](#), said, "I am delighted to welcome Miton Asset Management Limited as a new London financial institution to our shareholder list and welcome the increased participation by Melquart Ltd. and other investors. The funding allows the Company to proceed to commercial production at the Omagh gold-mine."

The net proceeds raised by the Private Placement are intended to be used for working capital purposes and to fund commercial production underground at the Omagh gold mine.

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

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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