

Anconia and Avalon Investment Holdings Announce Reverse Takeover Transaction

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TORONTO, May 24, 2019 - [Anconia Resources Corp.](#) (TSXV: ARA) (“Anconia” or the “Company”) and Avalon Investment Holdings Ltd. (“Avalon”) are pleased to announce that they have entered into a binding letter agreement dated May 24, 2019 (the “LOI”), in respect of a proposed transaction (the “Transaction”), whereby Anconia has agreed to acquire all of the issued and outstanding securities of Avalon, by way of three-cornered amalgamation, share exchange or such other form of business combination as the parties may determine. The entity that would result from the completion of the Transaction (the “Resulting Issuer”), will continue to carry on base and precious metals exploration and development, focused primarily on the exploration of Avalon’s Omai Gold Mine project in Guyana.

The Transaction constitutes a “reverse takeover” of Anconia under the policies of the TSX Venture Exchange (the “Exchange”), and its completion is subject to the approval of the Exchange and certain other conditions as described below. Anconia intends to apply to the Exchange to have the common shares of the Resulting Issuer listed and posted for trading on the Exchange. The Transaction is an arm’s length transaction.

Avalon is a privately held Barbados corporation, based in Christ Church, Barbados, with a wholly-owned operating subsidiary, Avalon Gold Exploration Inc. (“Avalon Exploration”), which is engaged in the acquisition, exploration and potential development of precious metal mineral properties in Guyana. Avalon was incorporated on February 22, 2018 and is currently operated by its President, Michael Smith, of Naples, Florida. There are no Control Persons of Avalon as defined in the *Securities Act* (Ontario). Avalon Exploration holds a 100% interest in a newly issued prospecting license in Guyana, which covers 4,590 acres of licensed area, including the site of the past producing Omai Gold Mine, and provides for an exclusive right to use certain existing infrastructure at the Omai Gold Mine for any future mining operations, subject to entering into specific lease agreements therefor. In addition, Avalon Exploration holds an option to acquire a 100% interest in a prospecting license known as “Kaburi South”, covering approximately 5,235 acres, located adjacent to Troy Resources Limited’s Karouni mine in Guyana.

Jason Brewster, Anconia’s Chief Executive Officer, stated: *“Anconia is fortunate to have the opportunity to acquire an asset of the quality of the former Omai Gold Mine, representing, in our view, a signature gold mining asset in the Guiana Shield. The Omai Gold Mine historically produced 3.7 million ounces of gold in a low gold-price environment. The former mine is part of a robust mineralizing event and, after our review of available data, we believe that there is evidence of gold mineralization remaining on the property which has yet to be quantified.”*

Michael Smith, President of Avalon stated: *“We are pleased to enter into this transaction with Anconia. The Resulting Issuer will be led by a team with extensive public capital markets and mining experience and strong business relationships in Guyana, which we believe to be essential for returning the Omai Gold Mine to production.”*

The Transaction

Pursuant to the Transaction, Anconia will issue common shares (“Anconia Shares”) to the holders of common shares in the capital of Avalon (“Avalon Shares”) on the basis of approximately one post-Consolidation (as defined below) Anconia Share for each one Avalon Share. Anconia and Avalon anticipate that approximately 108,000,000 post-Consolidation Anconia Shares will be issued pursuant to the Transaction, based on the current capital structure of Avalon and assuming that Avalon has completed the equity financing described below on or prior to the closing of the Transaction. In addition, all securities convertible into Avalon Shares that are outstanding and unexercised immediately prior to closing are expected to be exchanged for economically equivalent and otherwise substantially similar

securities convertible into Anconia post-Consolidation Shares. The parties anticipate that, upon completion of the Transaction, the Avalon shareholders will hold approximately 108,000,000 Anconia post-Consolidation Shares, representing 93% of the issued and outstanding Anconia post-Consolidation Shares on an undiluted basis, and 130,520,008 Anconia post-Consolidation Shares, representing approximately 94% of the issued and outstanding Anconia post-Consolidation Shares on a fully diluted basis. The foregoing shareholdings assume completion of a \$4.4 Million private placement transaction.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction, which shall include representations, warranties, conditions and covenants typical for a transaction of this nature; the completion of satisfactory due diligence investigations; Avalon having completed an equity financing for gross proceeds of not less than U.S.\$4.4 million by way of a private placement whereby securities of Avalon will be offered at a price of \$0.10 (USD) per unit, where each unit will consist of one share and one half of one warrant resulting in the issuance of 44 million shares and 22 million warrants if the private placement is fully subscribed; the completion of the Consolidation; the completion of the Transaction on or before September 30, 2019 and the approval of the Exchange and other applicable regulatory authorities.

Trading in the Anconia Shares will remain halted pending the satisfaction of all applicable requirements of Policy 5.2 of the Exchange. There can be no assurance that trading of Anconia Shares will resume prior to the completion of the Transaction. Anconia will hold a meeting of its shareholders to vote on the Transaction and will require that a majority of the votes of its shareholders vote in favour of the Transaction in order to proceed with it. Further details concerning the Transaction (including additional financial information) and other matters will be announced if and when a definitive agreement is reached.

Name Change

Upon completion of the Transaction, Anconia intends to change its name to "Omai Gold Mines Corp." or such other name as Avalon and Anconia may otherwise determine, and the parties anticipate that the Exchange will assign a new trading symbol for the Resulting Issuer.

Consolidation

The completion of the Transaction is subject to the prior completion by Anconia of a consolidation of its share capital on the basis of one post-consolidation common share for each 15 pre-consolidation common shares (the "Consolidation").

Shareholder Meeting

Matters to be approved by Anconia's shareholders in connection with the Transaction, including the proposed name change and Consolidation will be sought from Anconia's shareholders at its annual and special meeting to be held on a date to be announced by Anconia and intended to be described in further detail in a management information circular relating to such meeting. Avalon has entered into voting agreements with holders of 24,131,452 Anconia Shares (or 20.5% of the current number of issued and outstanding Anconia Shares) to vote in favour of the Transaction.

Officers, Directors, and Insiders of the Resulting Issuer

The following individuals are proposed to be appointed or elected as directors of the Resulting Issuer:

Denis Clement – B.Comm., LL.B., LL.M., Director, Chairman and Interim Chief Executive Officer
Mr. Clement is a highly experienced international business executive with over 30 years' experience in finance, law, M&A, banking and management, primarily in the finance, oil and gas, mining and tech industries. Mr. Clement has extensive experience in the resource business in Guyana. Mr. Clement was instrumental in launching the offshore oil and gas industry in Guyana. As founding President of CGX Energy Inc. Mr. Clement negotiated and co-signed the first offshore oil and gas licenses in Guyana in 1998. CGX raised in excess of \$200 million in financings in for CGX's oil exploration activities Guyana. Mr. Clement also serves on the board of Gespeg Resources Inc. and has been actively involved in resource

technology and finance businesses throughout various parts of the world. Previously, Mr. Clement practiced international and commercial law at Smith, Lyons, Torrance, Stevenson and Meyer, a Toronto based international law firm, working primarily on finance, reorganizations, banking and international trade law.

Terry Lyons – MBA, ICD.D, Director

Terrence (Terry) Lyons, is a corporate director and has extensive experience in the resource and finance industries internationally. He is a director of several public and private corporations including Chairman of Sprott Resource Corp., a director of Canaccord Genuity Inc. and Martinrea International Inc. He is also Chairman of Polaris Materials Corporation. Mr. Lyons is a retired Managing Partner of Brookfield Asset Management and past Chairman of [Northgate Minerals Corp.](#), which was acquired by AuRico Gold Inc. to create a new mid-cap gold company. He was also Chairman of Eacom Timber Corporation, which was sold to a private equity firm in 2013. In 2014, he stepped down as a director of BC Pavilion Corporation (Pavco), Royal Oak Ventures, which was privatized by Brookfield, and the BC Board of the Institute of Corporate Directors. Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario. He sits on the Advisory Board of the Richard Ivey School of Business and has been active in a number of sports and charitable organizations including Junior Achievement, Special Olympics and United Way and is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC, past Governor and member of the Executive Committee of the BC Business Council and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry. He has received his ICD.D certification from the Institute of Corporate Directors.

Three additional proposed directors of the Resulting Issuer will be named and announced at a later date.

In addition to Mr. Clement, the following individuals are proposed to be appointed as officers of the Resulting Issuer:

Jason Brewster – BA, MSc, VP Operations and Corporate Development

Mr. Brewster is President and CEO of Anconia Resources Corp., as well as serving as Partner of Billiken Management Services, a full service exploration management consulting company. Mr. Brewster received his M.Sc. in mining engineering from the Camborne School of Mines in Cornwall, England and his B.A. from the University of Western Ontario. For over 20 years, Mr. Brewster has been active in all facets of the mining industry from grass roots prospecting to being instrumental in bringing the Aguas Tenidas mine in southern Spain out of care and maintenance and back into production.

Dennis LaPoint – BA, M.Sc., Ph.D, Geologist, VP Exploration

Dr. LaPoint is an experienced exploration geologist and project manager with more than 40 years' experience in project generation, exploration, management and mining, including 18 years working in the Guiana Shield. He initiated, managed and discovered the Merian Gold Mine for Alcoa in Suriname, South America. Since opening two years ago, Merian has produced 500,000 ounces each year for Newmont Mining Corporation. He was then exploration manager for Suriname at Cambior and later lamgold and was instrumental in new discoveries and resources for Rosebel Gold Mine and supervised the Omai geologists after Omai closed. Dennis is a Director of multiple public and private companies, and founder and owner of Appalachian Resources. He is a Qualified Person for the preparation of National Instrument (NI) 43-101 technical reports, and has written and published numerous reports. Dr. LaPoint holds a PhD in Geology from the University of Colorado, a MSc from the University of Montana and a BA from the University of Iowa. He is an advisor and lecturer at the University in Suriname for the Masters Program in Geology and teaches a field methods course in Aruba. He is The Committee Chair for International Relations for ASBOG which is the National Organization for licensing geologists and has been appointed for a second time to the North Carolina Board for Licensing Geologists (NCBLG) by the Governor.

Harvey McKenzie, CPA, Chief Financial Officer

Mr. McKenzie is a (life Member) Chartered Professional Accountant (CPA-CA), granted by the Institute of Chartered Accountants of Ontario, Canada. Mr. McKenzie's current principal occupation is the provision of consulting services primarily in financial reporting areas. Since June 2011, he has been the (part-time) CFO and Corporate Secretary of Anconia Resources Corp. (TSXV: ARA.V), from November 2015 to April 30, 2017, he has been the (part time) CFO and Corporate Secretary of Ellipsiz Communications Ltd. a technology company. From June 2011 to November 2015, he was a member of the Board of Directors and Chairman of the Audit Committee of Li3 Energy (listed on the OTC); Chair of the Audit Committee of [Latin American Minerals Inc.](#) from September 2006 to June 2010 as well as directorships of some small shells listed (or pending listing) on the TSX. Prior thereto, Mr. McKenzie served as the CFO of several Canadian publicly listed exploration, development and producing mining companies.

Board of Advisors

The Resulting Issuer will have a board of advisors to assist its board of directors, initially comprised of the following individuals:

Nathan Tribble B.Sc. P.Geo.

Mr. Tribble, P.Geo. (ON) has over 13 years of professional experience in exploration and mining, with a particular focus on gold and base metal exploration and project evaluation. Mr. Tribble is currently Vice President Exploration for Gatling Exploration Inc. Past experience includes Senior Principal Geologist for Sprott Mining, Senior Geologist for Bonterra Resources, Jerritt Canyon Gold, Kerr Mines, Northern Gold, Lake Shore Gold and Vale Inco. He was also part of the exploration team that discovered the 8.2 million-ounce Côté Lake gold deposit for [Trelawney Mining and Exploration Inc.](#) Mr. Tribble is registered as a Professional Geoscientist in Ontario and holds a Bachelor of Science degree in Geology from Laurentian University.

Charles Gargano

Mr. Gargano has spent more than 20 years in public service at the Federal and State level, serving two U.S. Presidents as an Ambassador to the Republic of Trinidad and Tobago as well as in the administration of Governor Pataki. Subsequently, as Chairman and CEO of the Empire State Development Corp., Commissioner of the Department of Economic Development, and Vice Chairman of the Port Authority of New York and New Jersey, Mr. Gargano was principally responsible for the restoration of lower Manhattan following September 11, 2001. His involvement culminated in the rebuilding of the World Trade Center, development of key transportation projects and rejuvenation of the WTC business community. Prior to public service, Gargano worked in the private sector. Mr. Gargano was Vice President of J.D. Posillico Engineering and Construction on Long Island. His leadership in the Long Island business community garnered him a host of appointments on boards and committees in both the corporate and not-for-profit sectors. Mr. Gargano earned a Master's Degree in Business Administration and a Bachelor's degree in Civil Engineering from Fairleigh Dickinson University. He also holds a Master's degree in Civil Engineering from Manhattan College. Mr. Gargano has received honorary Doctorate Degrees from Pace University, Stony Brook University, New York College of Podiatric Medicine, and City University of New York.

John Reynolds

The Hon. John D. Reynolds has served as Senior Strategic Advisor to McMillan LLP since 2006. He has nearly 40 years of experience at the highest levels of national and provincial government and in a diverse range of cross-border business enterprises. As a director of two natural resources producers, he is familiar with exploration and mine development issues involving gold, nickel and chromium, in regions as diverse as Kazakhstan, Australia, Ghana and South Africa. He was also a former president of an American-based venture capital company, with extensive experience in private and public financing sources for growing businesses. During his most recent 10 years in the House of Commons, Mr. Reynolds served numerous shadow cabinet roles, was Official Opposition Whip and House Leader, and was elected by the caucus and the Executive Committee as Leader of Her Majesty's Official Opposition. Mr. Reynolds also served as Chair of Stephen Harper's Leadership Campaign and Co-Chair of Prime Minister Harper's 2006 Election Campaign.

Anconia and Avalon will provide further details in respect of the proposed Transaction including a summary of financial information, contemplated financings, and additional nominees for management and the Board of Advisors of the Resulting Issuer, if and when a definitive agreement is reached. Trading in the Anconia Shares will remain halted pending the satisfaction of all applicable requirements of Policy 2.4 of the Exchange. There can be no assurance that trading of Anconia Shares will resume prior to the completion of the Transaction.

About Anconia

Anconia is a base and precious metals exploration and development company, with three exploration properties in Nunavut and Ontario, Canada. The Nunavut property consists of a group of claims covering approximately 32 square kilometers, which has two volcanogenic massive sulphide (VMS) base metal occurrences. Anconia drilled both of these occurrences and confirmed extensive base metal mineralization at both locations, which were named the Atlas and Zac showings. Anconia has one further option payment totaling \$50,000 remaining on the Nunavut property.

In Ontario, Anconia has two properties, the Grenfell property, which consists of 16 patented claims and 2 staked claims, hosts a gold occurrence in Kirkland Lake approximately 4 kilometres west of the Macassa Mine along the trend of the main Kirkland Lake mineralization. The SSM property is a group of staked claims near Sault Ste. Marie, which are prospective for both base metals and gold. The Grenfell property is 100% owned by Anconia, and the SSM property is subject to an option agreement, of which there is one payment remaining totaling \$90,000 and 350,000 common shares of the company.

For further information regarding please contact:

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Forward-Looking Information

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release. Completion of the proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the proposed Transaction will be completed as proposed or at all.

Investors are cautioned that any information released or received with respect to the proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Anconia should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

All information contained in this news release with respect to Anconia and Avalon was supplied by the parties, respectively, for inclusion herein, and each such party has relied on the other party for any information concerning such party.

This news release contains forward-looking statements relating to the timing and completion of the proposed Transaction, the share capital of the Resulting Issuer, the future operations of Anconia, Avalon, and the Resulting Issuer, the proposed directors, officers and advisors of the Resulting Issuer and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the proposed Transaction and the future plans and objectives of Anconia, Avalon, and the Resulting Issuer are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Anconia's, Avalon's, and the Resulting Issuer's expectations include the failure to satisfy the conditions to completion of the proposed Transaction set forth above and other risks detailed from time to time in the filings made by Anconia, Avalon, and the Resulting Issuer with securities regulators.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Anconia, Avalon, and the Resulting Issuer. As a result, Anconia, Avalon, and the Resulting Issuer cannot guarantee that the proposed Transaction will be completed on the terms and within the time disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and Anconia, Avalon, and the Resulting Issuer will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.

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