

Gran Colombia Gold Signs Letter of Intent to Spin Off Venezuelan Assets to Western Atlas Resources Inc.; Participating in Western Atlas Financing

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TORONTO, Sept. 03, 2019 - [Gran Colombia Gold Corp.](#) ("Gran Colombia") (TSX: GCM, OTCQX: TPRFF) announced today that it entered into a letter of intent ("LOI") on August 31, 2019 with [Western Atlas Resources Inc.](#) ("Western Atlas") (TSX-V: WA) outlining the terms on which it intends to spin off its Venezuelan assets in exchange for US\$20 million in common shares of Western Atlas (the "Incredible Transaction") and also acquire up to a 19.9% equity interest in Western Atlas by way of a CA\$1.4 million subscription into Western Atlas' proposed private placement (the "Private Placement") as described further below.

The LOI further contemplates that upon closing of the Private Placement, Miguel de la Campa, Vice Chairman of Gran Colombia, will be appointed to the Board of Western Atlas, and that Gran Colombia will also be entitled to appoint one additional member to the Board of Western Atlas at its next annual general meeting. Serafino Iacono, Executive Chairman of Gran Colombia, currently serves as non-executive Chairman and beneficially owns/controls approximately 21% of the outstanding shares of Western Atlas.

Gran Colombia and Western Atlas will enter into definitive agreements with respect to the Private Placement and the Incredible Transaction following completion of satisfactory due diligence by the parties. The closing of the Private Placement is expected to take place as soon as reasonably practicable following the execution and delivery of the subscription agreement.

The closing of the Incredible Transaction will be subject to, among other things, the approval of the shareholders of Western Atlas and the approval of the TSX Venture Exchange ("TSXV").

Western Atlas is a Canadian junior mining company whose Meadowbank Project is located in Nunavut, Canada and consists of over 58,000 hectares (580 km²) of highly prospective and strategically located mineral claims. The Meadowbank Project is located immediately adjacent to Agnico Eagle's Meadowbank producing gold mine and its Amaruq gold deposit which is currently under development as a satellite mining operation to Meadowbank for startup in 2019. The Meadowbank Project is 100% owned by Western Atlas and is fully permitted for exploration, including drilling.

Serafino Iacono, Executive Chairman of Gran Colombia, commented, "As we said earlier this year, we are incredibly excited with the future prospects of Venezuela and are eager to be a partner in the reconstruction of the country. We also indicated that we would spin off our Venezuelan assets into a separate listed vehicle for the purposes of holding, developing and financing these assets and carrying out our Venezuelan investment strategy. In Western Atlas, not only have we found a partner with a similar passion for the longer term strategy in Venezuela, but their Canadian project provides us with an opportunity to enhance the value of our investment as they carry out their exploration program."

The Incredible Transaction

Pursuant to the LOI, Western Atlas will acquire from Gran Colombia all of the outstanding shares of Medoro Resources International Ltd. ("Medoro"), an indirect wholly-owned subsidiary of Gran Colombia (the "Share Purchase"). Medoro held mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions near the town of El Callao, Bolivar State, Venezuela (the "Incredible Project") and is seeking their restitution by the current interim government of Venezuela.

Gran Colombia and Western Atlas are currently working on a definitive agreement with respect to the Share Purchase (the "Share Purchase Agreement") and the transaction is subject to the approval of the shareholders of Western Atlas and the TSXV.

The purchase price for the acquisition of Medoro by Western Atlas will be US\$20 million (equivalent to CA\$26.6 million based on the exchange rate per the LOI) to be satisfied by the issuance to Gran Colombia of 59,115,555 common shares of Western Atlas, representing a deemed price of CA\$0.45 per Western Atlas share.

The closing of the Incredible Transaction will take place upon the occurrence of both the following events (together the "Closing Triggers"):

1. the current government of Venezuela being replaced by an internationally recognized and democratically elected government, and
2. completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro's Venezuelan subsidiaries) of the Incredible Project by Venezuelan authorities of competent jurisdiction.

Medoro's mining rights to the Lo Incredible 4A and Lo Incredible 4B mining contracts were nationalized by the current regime in Venezuela. This will require Medoro to complete the process of restitution of such mining rights which is the second of the two Closing Triggers described above. A working committee (the "Committee") consisting of one representative from each of Gran Colombia and Western Atlas will be formed in order to manage the process of restitution to Medoro of the mineral rights to the Incredible Project. The Share Purchase Agreement will provide that, at the direction of the Committee, Gran Colombia and Medoro will take all actions necessary for the restitution to Medoro of the Incredible Project, including, without limitation, hiring consultants, issuing of powers of attorney and, negotiating terms for the restitution of such rights.

The Closing Triggers must occur no later than the second anniversary of the date of the closing of the Private Placement (the "Deadline"). Should the Closing Triggers not occur by the Deadline, the Share Purchase may be terminated.

Each of Gran Colombia and Western Atlas will take such reasonable steps as are required to obtain TSXV approval for the timely completion of the Share Purchase, including obtaining any shareholder approvals required in connection therewith. Western Atlas will seek any approval required from its shareholders no later than the date of the next annual general meeting of Western Atlas's shareholders, anticipated to be in January 2020 and which shall be held no later than May 10, 2020.

The Western Atlas Private Placement

Western Atlas has also announced a Private Placement to raise gross proceeds of between CA\$3 million and CA\$5 million in a mix of flow-through units ("FT Units") and non-flow through units ("NFT Units") at a price of CA\$0.10 per FT Unit and CA\$0.085 per NFT Unit.

The FT Units will consist of one flow-through common share and one-half (1/2) of one non flow-through common share purchase warrant, with each whole warrant exercisable for one additional Western Atlas share at a price of CA\$0.20 for a period of two years from the closing of the Private Placement.

The NFT Units will consist of one non-flow-through common share and one-half (1/2) of one non-flow-through common share purchase warrant, with each whole warrant exercisable for one additional Western Atlas share at a price of CA\$0.20 for a period of two years from the closing of the Private Placement.

Proceeds from the Private Placement will be used by Western Atlas for the drilling program at its Meadowbank Project, seeking restitution of the Incredible Project and general and administrative expenses.

Under the terms of the LOI, Gran Colombia may purchase additional NFT Units provided that at closing of

the Private Placement, it will hold no more than 19.9% of the voting rights attached to all outstanding voting securities of Western Atlas after giving effect to the closing of the Private Placement but without giving effect to the exercise of any warrants comprising part of the NFT Units purchased by it. Gran Colombia shall not exercise warrants acquired by it in the Private Placement to the extent that such exercise would result in it holding (in aggregate) 20% or more of any of the voting rights attached to all outstanding voting securities of Western Atlas until Western Atlas has obtained shareholder approval for Gran Colombia becoming a "control person" of Western Atlas and the approval of the TSXV. Western Atlas will seek such approval from its shareholders at a special meeting of its shareholders to be held by no later than 90 days following closing of the Private Placement. For the avoidance of doubt, the closing of the Private Placement shall not be conditional upon the receipt of such shareholder approval unless required by the TSXV.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its Segovia and Marmato Operations. Gran Colombia is continuing to focus on exploration, expansion and modernization activities at its high-grade Segovia Operations.

Additional information on Gran Colombia can be found on its website at www.grancolombiagold.com and by reviewing its profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to anticipated business plans or strategies. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Gran Colombia anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements include, but are not limited to, the negotiation of definitive terms and agreements in respect of each of the Incredible Transaction and the Private Placement, the ability of Gran Colombia and Western Atlas to obtain each of the approvals and consents required to complete each of the Incredible Transaction and the Private Placement, the ability of Western Atlas to obtain the approval of its shareholders with respect to Gran Colombia becoming a "control person" of Western Atlas, the future prospects for Venezuela and the risks associated with the implementation of a new, internationally recognized democratic government, risks associated with the lawful registration and transfer of the Incredible Project to Medoro by Venezuelan authorities and the timing thereof, the closing of each of the Incredible Transaction and Private Placement occurring at a later date than is currently expected by Gran Colombia and Western Atlas, the ability of Western Atlas to develop and carry out their exploration program with respect to The Meadowbank Project, risks associated with the speculative nature of mineral nature and exploration, operational and technical difficulties, fluctuations in commodity prices, changes to and compliance with applicable laws and regulations, political, social, and economic risks in the jurisdictions in which Gran Colombia or Western Atlas carry on business, and other factors described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 27, 2019 which is available for view on SEDAR at www.sedar.com. Forward-looking statements contained herein are made as of the date of this press release and Gran Colombia disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

For Further Information, Contact:
Mike Davies
Chief Financial Officer
(416) 360-4653
investorrelations@grancolombiagold.com

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