

# Gespeg Resources Ltd. Announces a \$1,500,000 Private Placement Offered to All Shareholders and a Share Consolidation

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SASKATOON, Oct. 31, 2019 - [Gespeg Resources Ltd.](#) (TSX-V:GCR) (the "Company" or "Gespeg"), announces a non-brokered private placement of up to 30,000,000 units (the "Units") and flow-through units (the "Flow-through Units") priced, on a post-consolidated basis, at \$0.05 per Unit and Flow-through Unit for gross proceeds of up to \$1,500,000 (the "Offering").

The Units will consist of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). The Flow-through Unit will consist of one common share of the Company that is a "flow-through share" within the meaning of the Income Tax Act (Canada) and one-half of a Warrant. The Warrants are exercisable for a period of 24 months from closing at a post-consolidated exercise price of \$0.10. Details pertaining to the proposed consolidation are included below under the heading "Share Consolidation".

There is no minimum aggregate proceeds amount that is required to close the Offering. Management anticipates that the Company will allocate the proceeds of the Offering as follows:

- An exploration program on Gespeg's new properties (see the Company's press release dated October 3, 2019) (20% of the Offering);
- Follow-up exploration work on the Copper discovery of 2012 at Sulipek East (part of the Vortex project) (20% of the Offering);
- Additional exploration on the Lac Arsenault project, which returned prospective sampling results from the 2018 exploration program (see press release of September 13, 2018) (10% of the Offering);
- For additional opportunities in the Company's core focus areas (10% of the Offering); and
- The remaining funds will be allocated for working capital (40% of the offering).

The Offering will be conducted under available exemptions from the prospectus requirements of applicable securities legislation and participation in the Offering will be available to existing shareholders in qualifying jurisdictions in Canada in accordance with BC Instrument 45-534 and Regulation 45-513 in Quebec (the "Existing Shareholder Exemption"). The Company has set October 29, 2019 as the record date for the purpose of determining shareholders entitled to participate in the Offering in reliance on the Existing Shareholder Exemption. Qualifying shareholders who wish to participate in the Offering should contact the Company at the contact information set forth below no later than November 8, 2019. If the Offering is over-subscribed for, Units and Flow-through Units will be allocated pro-rata amongst all subscribers. All subscription materials must be provided to the Company no later than November 15, 2019. The Company may close the Offering in several tranches during the course of the Offering, the first of which the Company intends to close no later than November 30, 2019. In addition to conducting the Offering pursuant to the Existing Shareholder Exemption, the Offering will also be conducted pursuant to other available prospectus exemptions. Insiders may participate in the Offering.

In addition to the Existing Security Holder Exemption and other available prospectus exemptions, a portion or all of the Offering may be completed pursuant to Multilateral CSA Notice 45-318 – Prospectus Exemption for Certain Distributions through an Investment Dealer ("CSA 45-318") and the corresponding blanket orders and rules implementing CSA 45-318 in the participating jurisdictions in respect thereof (collectively with CSA 45-318, the "Investment Dealer Exemption"). As at the date hereof, the Investment Dealer Exemption is available in each of Alberta, British Columbia, Saskatchewan, Manitoba and New Brunswick. Pursuant to CSA 45-318, each subscriber relying on the Investment Dealer Exemption must obtain advice regarding the suitability of the investment from a registered investment dealer. There is no material fact or material change of the Company that has not been generally disclosed.

All securities issued pursuant to the Offering will be subject to a statutory hold period expiring four months and one day after closing of the Offering. Completion of the Offering is subject to a number of conditions,

including, without limitation, receipt of all regulatory approvals, including approval of the TSX Venture Exchange (the "TSX-V").

None of the securities issued in the Offering will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act. This press release shall not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the securities in any state where such offer, solicitation, or sale would be unlawful.

### **Share Consolidation**

Management of the Company believes that further equity financing is required in order for the Company to fund its current working capital requirements and for future business purposes. It is management's opinion that the Company's existing issued and outstanding share capital is not conducive to completing such additional equity financing and that the Consolidation is required in order to attract new equity investment in the Company. Accordingly, the Board of Directors of the Company is seeking to consolidate the Company's common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares (the "Consolidation"). The Consolidation is expected to be implemented in connection with the first tranche closing of the Offering.

The Consolidation, once implemented, will reduce the issued and outstanding common shares of the Company from 244,039,934 to 48,807,986 common shares, assuming a fully subscribed Offering. The Company's outstanding stock options and warrants will also be adjusted on the same basis (1 new for 5 old) as the common shares, with proportionate adjustments being made to exercise prices.

No fractional common shares will be issued, and no cash will be paid in lieu of fractional post-consolidation common shares. The number of post-consolidation common shares to be received by a shareholder will be rounded to the nearest whole common share. A letter of transmittal will be mailed to shareholders advising that: (i) the consolidation has taken effect; and (ii) shareholders should surrender their existing share certificates (representing pre-consolidation common shares) for replacement share certificates (representing post-consolidation common shares). Until surrendered, each existing share certificate will be deemed, for all purposes, to represent the number of common shares to which the holder thereof is entitled as a result of the consolidation. The Company's articles of incorporation authorize the board of directors to approve certain changes to the Company's capital structure, including the consolidation. As such, shareholder approval is not required.

The Company does not intend to change its name or its current trading symbol in connection with the proposed share consolidation. The effective date of the consolidation will be disclosed in a subsequent news release. Notwithstanding the foregoing, the Board of Directors may, at its discretion, determine not to effect the consolidation.

Both the Offering and the Consolidation are subject to TSX-V approval.

Gespeg Resources Ltd. is an exploration company with a focus in an underexplored region "Gaspé, Québec". With a dedicated management team, the Company's goal is to create shareholder value through the discovery of new deposits.

### **GESPEG RESOURCES LTD.**

(signed) "Sylvain Laberge"  
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*Some of the statements contained in this press release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as "expects", "intends", "anticipates", "is expected", "potential", "suggests" or variations of such words or phrases, or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond the Company's control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to*

*update publicly or otherwise revise any forward-looking statements, except as may be required by law.*

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