

# RJK Explorations Announces Initial Closing of Previously Announced Non-Brokered Private Placement

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Kirkland Lake, December 23, 2019 - [RJK Explorations Ltd.](#) (TSXV: RJX.A) ("RJK" or the "Company") is pleased to announce that it has closed the first tranche of the non-brokered private placement offering (the "Class C Offering") of units ("Units") and the entirety of the concurrent non-brokered private placement offering (the "FT Offering") of flow-through units ("FT Units"). Pursuant to this initial closing, the Company raised a total of \$850,000 for the issuance of 5,600,000 Units of the Company at a price of \$0.125 per Unit and 1,200,000 FT Units at a price of \$0.125 per FT Unit (the "Initial Closing").

Each Unit consists of one convertible Series 1 Class C Preference Share (a "Royalty Share"), and one share purchase warrant (a "Warrant") exercisable for one Class A Subordinate Voting Share of the Company (a "Class A Share"). The purchasers of the Units (the "Royalty Share Purchasers") have all entered into an agreement with the Company dated effective as of the Initial Closing (the "Royalty Shareholders Agreement") pursuant to which the Company has granted the Royalty Share Purchasers the option to purchase a 2.5% gross overriding royalty on the Company's Bishop claims subject to the publication by the Company of a "bankable" feasibility study on the Bishop claims. Pursuant to the terms of the Royalty Shares and the Royalty Shareholders Agreement, the Royalty Shares include a voluntary conversion right with 25% of each Royalty Share Purchaser's Royalty Shares being convertible into Class A Shares beginning six (6) months after the Initial Closing, an additional 25% being convertible into Class A Shares beginning twelve (12) months after the Initial Closing, an additional 25% being convertible into Class A Shares beginning eighteen (18) months after the Initial Closing and the remaining 25% being convertible into Class A Shares beginning twenty-four (24) months after the Initial Closing. The voluntary conversion period for all Royalty Shares ends five (5) years after the Initial Closing. Each Royalty Share shall be a voting share.

Each FT Unit consists of one Class A Share issued on a "flow-through" basis (an "FT Share") and one Warrant.

Each Warrant entitles the holder to acquire one Class A Share at an exercise price of \$0.20 for up to 12 months following the Initial Closing. The term of the Warrants may be accelerated in the event that the issuer's shares trade at or above a price of \$0.25 cents per share for a period of 10 consecutive days. In such case of accelerated Warrants, the Company may give notice, in writing or by way of news release, to the subscribers that the Warrants will expire 60 days from the date of providing such notice.

The FT Shares will qualify as "flow-through shares" (within the meaning of the Income Tax Act (Canada)). The gross proceeds of the FT Offering raised from the sale of FT Shares will be primarily used to incur qualifying Canadian Exploration Expenses (the "Qualifying Expenses") on the diamond exploration in the Cobalt area. The Qualifying Expenses are to be incurred by no later than December 31, 2020 for renunciation to investors of FT Units in the FT Offering effective December 31, 2019. Net proceeds from the Class C Offering will be used for diamond exploration in the Cobalt area as well as general corporate purposes.

In connection with the Initial Closing, the Company paid a finder's fee to National Bank Financial, an arm's length finder, consisting in the aggregate of \$5,000 in cash. All securities issued pursuant to both the Class C Offering and the FT Offering (collectively, the "Offering") are subject to a statutory hold period ending April 24, 2020. Additional terms of the Offering can be found in the press release of the Company dated November 13, 2019. The Offering remains subject to final acceptance by the TSX Venture Exchange.

The purchase of FT Units pursuant to the Offering by Glenn Kasner, the President, Chief Executive Officer, and a director of the Company, Amanda Kasner, the Chief Financial Officer and a director of the Company, and Robert Mackay, a director of the Company (collectively, the "Related Parties") constituted a "related

party transaction" as such term is defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company was exempt from the MI 61-101 valuation and minority approval requirements for related party transactions in connection with the Offering because the Company was not listed on a stock exchange specified in section 5.5(b) of MI 61-101, and neither the fair market value of the FT Units purchased by the Related Parties, nor the proceeds to be received by the Company in respect of the Related Parties' participation in the Offering, exceeded \$2,500,000. The material change report is being filed less than 21 days before the closing of the Offering as the extent of related party participation remained unknown until the date of the Initial Closing.

#### Contact Information

Glenn Kasner, President  
Mobile: (705) 568-7567  
info@rjkexplorations.com

Web Site: <https://www.rjkexplorations.com/>  
Company Information: Tel: (705) 568-7445

Neither the 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.

#### Forward Looking Information

This news release includes certain forward-looking statements, which may include, but are not limited to, statements concerning future mineral exploration and property option payments. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "will", "anticipate", "believe", "plan", "estimate", "expect", "intend", "propose" and similar expressions. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results, performance, or achievements to differ materially from those expressed or implied in this news release. Factors that could cause actual results to differ materially from those anticipated in this news release include, but are not limited to, the financial resources of the Corporation being inadequate to carry out its stated plans. RJK assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements except as required by applicable law.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/51059>

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