

Southern Arc Converts Japan Gold Corp. Loan to Additional Equity

11.05.2020 | [Newsfile](#)

Vancouver, May 11, 2020 - [Southern Arc Minerals Inc.](#) (TSXV: SA) ("Southern Arc" or the "Company") announces that it has converted the principal amount of the bridge loan provided to Japan Gold Corp. ("Japan Gold") in the aggregate amount of \$1,000,000 (the "Loan"), as previously announced by Southern Arc on March 9, 2020, into subscription proceeds under a non-brokered private placement of Japan Gold (the "Private Placement") that closed on Friday, May 8, 2020.

John Proust, the Company's Chairman and CEO commented, "Southern Arc recognizes the accomplishments of Japan Gold to date and the significant potential of the Company going forward through the countrywide Barrick Alliance and the support of Newmont Corporation. The decision to convert the \$1,000,000 loan to additional equity was based on the Southern Arc view that the shares in Japan Gold are extremely undervalued."

Southern Arc has converted the Loan into 4,000,000 units of Japan Gold (each, a "Unit") and subscribed for an additional 1,000,000 Units (the "Additional Units") under the Private Placement at a price of \$0.25 per Unit for gross proceeds to Japan Gold of \$250,000, pursuant to the terms of the Private Placement previously announced by Japan Gold on April 20, 2020. Each Unit consists of one common share of Japan Gold (each, a "Common Share") and one half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the Company to purchase one Common Share at an exercise price of C\$0.40 per Common Share until May 8, 2022, subject to acceleration in certain circumstances. Southern Arc funded the acquisition of the Additional Units through the sale of an equal number of Common Shares through the facilities of the TSX Venture Exchange.

Related Party Transaction and Early Warning Disclosure

Southern Arc's participation in the Private Placement constitutes a "related party transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Southern Arc is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the participation in the Private Placement in reliance on the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the transaction does not exceed 25% of Southern Arc's market capitalization. Southern Arc's participation in the Private Placement has been reviewed and approved by the independent director of the Southern Arc. Southern Arc will be filing a material change report in respect of the related party transaction on SEDAR.

Following the subscription of the 5,000,000 Units under the Private Placement and the sale of 1,000,000 Common Shares, Southern Arc beneficially owns or has control or direction over a total of 40,250,000 Common Shares and 16,324,100 Warrants exercisable to acquire an additional 16,324,100 Common Shares. As a result of the acquisition, Southern Arc's beneficial ownership of, or control or direction over, the Common Shares increased from 25.87% to 27.74% on an undiluted basis, and increased from 32.53% to 35.05% on a partially-diluted basis, assuming the exercise of the Warrants held by Southern Arc. As a result of this transaction, Southern Arc acquired securities in an amount equal to 2% or more of the issued and outstanding Common Shares on a partially-diluted basis.

Southern Arc acquired ownership of, and control over, the securities that triggered the requirement to file an early warning report and the early warning disclosure in this news release pursuant to the subscription agreement entered into between Southern Arc and Japan Gold. Southern Arc acquired the securities of Japan Gold for investment purposes only and Southern Arc may increase or decrease its beneficial ownership or control of securities in Japan Gold as circumstances arise.

For further information or to obtain a copy of the early warning report to be filed on SEDAR, pursuant to

National Instrument 62-103, please contact Southern Arc using the contact details below. Japan Gold's head office and Southern Arc's head office is located at Suite 650, 669 Howe Street, Vancouver, BC, V6C 0B4.

On behalf of the Board of [Southern Arc Minerals Inc.](#)

"John Proust"
Chairman & CEO

About Southern Arc

Southern Arc is a Canadian company incorporated in the province of British Columbia focused on enhancing shareholder value through strategic investments in mineral resource companies with a focus on gold and copper-gold. Southern Arc's management team identifies highly prospective assets in politically safe jurisdictions and seeks to unlock their value by providing strategic investments, proven technical skills, global knowledge, and increased access to industry relationships. More information is available at www.southernarcminerals.com or by email at info@southernarcminerals.com.

Southern Arc Contact

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Cautionary Note

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

Certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the use of proceeds and the filing of a material change report. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "will be" or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Although management of Southern Arc have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward looking information. The Company will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.

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