

Anconia Resources Corp. and Avalon Investment Holdings Ltd. Announce Update Regarding Proposed Business Combination

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TORONTO, July 17, 2020 - [Anconia Resources Corp.](#) (TSXV:ARA) (the "Company") is pleased to announce material updates in connection with a proposed reverse take-over of Avalon Investment Holdings Ltd. (“Avalon”) (the "Proposed Transaction") subject to approval of the TSX Venture Exchange (the "Exchange") to list the shares of the resulting entity (the "Resulting Issuer") on the Exchange. 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.

Proposed Transaction

The Company and Avalon have entered into an acquisition agreement (the "Definitive Agreement") dated October 9, 2019.

The Proposed Transaction will be carried out by way of a three-cornered amalgamation which will result in Avalon combining its corporate existence with a wholly-owned subsidiary of the Company. The Proposed Transaction will constitute a reverse takeover under *Policy 5.2 – Changes of Business and Reverse Takeovers*. Subject to regulatory and other required approvals, and the satisfaction of other conditions contained in the Definitive Agreement, the Company will acquire all the issued and outstanding Avalon common shares. Immediately preceding the Proposed Transaction, Anconia will consolidate all of the issued and outstanding Anconia Shares (the “Consolidation”) on the basis of one post-Consolidation Anconia Share for every fifteen (15) pre-Consolidation Anconia Shares. Following the Consolidation, there will be approximately 7,839,294 Anconia Shares issued and outstanding.

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 Anconia Share for each one Avalon Share outstanding. Anconia and Avalon anticipate that approximately 159,869,799 post-Consolidation Anconia Shares will be issued pursuant to the Transaction, based on the current capital structure of Avalon. 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 159,869,799 Anconia post-Consolidation Shares, representing approximately 95.33% of the issued and outstanding Anconia post-Consolidation Shares on an undiluted basis, and 205,539,240 Anconia post-Consolidation Shares, representing approximately 96.33% of the issued and outstanding Anconia post-Consolidation Shares on a fully diluted basis.

The Proposed Transaction will be an Arm's Length Transaction as defined by Policy 1.1 of the Exchange. Mr. Denis Clement, a director of the Company, holds securities in Avalon representing 2.6% of the Avalon Shares on an undiluted basis, and 2.1% of the Avalon Shares on a fully diluted basis. Mr. Jason Brewster holds 1,000,000 options to purchase common shares in Avalon, which if exercised would represent 0.46% of the Avalon Shares on a partially diluted basis and Mr. Harvey McKenzie holds 500,000 options to purchase common shares in Avalon, which if exercised would represent 0.23% of the Avalon Shares on a partially diluted basis.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties fulfilling their obligations pursuant to the Definitive Agreement; the completion of a consolidation of the Company’s shares on a 15:1 basis; 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.

The Proposed Transaction is subject to a number of conditions including the completion of the consolidation of the Company's shares (described above), receipt of all required regulatory approvals including the approval of the Exchange, completion of satisfactory due diligence reviews, satisfaction of the initial listing requirements of the Exchange, and all requirements under the policies of the Exchange relating to the completion of the Proposed Transaction and the execution of an amalgamation agreement as contemplated in the Definitive Agreement.

Capitalization of the Resulting Issuer

As of today's date, the Company has 117,589,409 common shares, issued and outstanding and no warrants or options issued and outstanding. On close of the Proposed Transaction, the Resulting Issuer is expected to have 167,709,093 common shares issued and outstanding, 8,741,676 stock options, and 36,927,765 common share purchase warrants. All securities held by principals of the Resulting Issuer (6,045,017 common shares and 5,000,008 stock options) will be subject to Exchange surplus or value escrow requirements unless a waiver is provided by the Exchange. Additional securities issued to the former shareholders of Avalon will be subject to the Exchange's seed share resale restrictions in accordance with section 10.9 of Policy 5.4 of the Exchange.

On close of the Proposed Transaction, the directors and officers of the Resulting Issuer, as a group, will beneficially own - directly or indirectly - or exercise control or direction over an aggregate of 6,045,017 common shares, representing 3.6% of the issued and outstanding common shares on an undiluted basis. One other former shareholder of Avalon, Sandstorm Gold Ltd. will hold 11.92% of the Resulting Issuer on an undiluted basis.

Proposed Board of Directors and Officers and Insiders of Resulting Issuer

At the close of the Proposed Transaction, the board of directors of the Company will be Denis Clement, Mario Stifano, Adam Spencer, Nadine Miller, and Paul Fornazzari. The officers of the Company will be: Mr. Mario Stifano, President and Chief Executive Officer; Mr. Harvey McKenzie, Chief Financial Officer; Mr. Jason Brewster, Vice-President of Operations; and Dr. Dennis LaPoint, Vice-President of Exploration.

The following represents an overview of the experience of the proposed board members of the Resulting Issuer:

Denis A. Clement, B.Comm., LLB, LLM.

Mr. Clement is a highly experienced international business executive with over 35 years of experience in finance, M&A, banking and management, primarily in the finance, oil and gas, mining and technology industries. Mr. Clement has been in management and on the Board of Directors of various public and private companies throughout his career. Mr. Clement has extensive experience in the corporate finance business having raised over \$1 billion in debt and equity in various industries including the resource business.

Mr. Clement has over 25 years of 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. Mr. Clement is a member of the Law Society of Ontario.

Nadine Miller, MBA, M.Eng, P.Eng.

Ms. Miller is an Independent Non-Executive Director for [Wesdome Gold Mines Ltd.](#) and a Strategic Advisor

at Awz Ventures Inc. Awz Ventures is a Canadian-based venture capital fund, with a primary focus on investing in leading-edge homeland security (HLS) technologies and services from Israel, a global leader in this space with added focus on technologies that employ sophisticated artificial intelligence (AI) elements.

Ms. Miller is a professional engineer (geotechnical) with over 18 years of experience in engineering design and project management in the mining and transportation industries, and has worked on mining projects in Australia, Europe, North and South America; specializing in tailings management and design. She has undertaken mandates for projects ranging in size from less than \$100k to projects greater than \$1B. She led the Business Development departments for two of the world's largest engineering consulting firms Toronto Offices: (1) Bantrel providing EPC/EPCM services to the mining and metals, oil, gas and chemicals and infrastructure sectors with the backing of Bantrel's parent company, Bechtel; and (2) SNC-Lavalin's Mining and Metallurgy providing EPC/EPCM services.

Paul Fornazzari, LL.B., LL.M.

Mr. Fornazzari is a partner at the law firm Fasken Martineau DuMoulin LLP, where he is head of Latin America for the Global Mining Group. He was a former Chairperson of Lithium Americas Corp. and has been a director of various public companies for most of his career. Previously, Mr. Fornazzari was a partner at another international law firm where he was head of its Corporate Finance, Securities and Public M&A National Practice Group and of its Mining Group. Mr. Fornazzari has broad experience advising boards, executive teams and investment dealers and acts for domestic and foreign clients in various industries including mining, petroleum, technology, life sciences and financial services. As a fluent Spanish speaker from Latin America, he has transactional experience and a strong network in almost all of the jurisdictions in that region. Mr. Fornazzari holds a Masters of Law from Osgoode Hall Law School in Securities Law and a Bachelor of Law from the University of Windsor. Paul is a member of the TSX Venture Exchange's National Advisory Committee.

Mario Stifano, CPA - CA

Mario Stifano is a driven and strategic senior executive and finance professional with over 25 years of corporate, management and finance experience.

Mr. Stifano has strong capital markets experience having raised approximately \$700 million in equity and debt to fund the development of assets with strong operational background and experience in strategic planning, mergers and acquisitions including integration, financial controls and investor relations with broad industry experience including resources, information technology and the financial sector, senior executive roles within technology, finance and resource companies.

Mr. Stifano is currently Chairman of Dore Copper Mining Corp., and is a consultant to Kirkland Lake Gold. Previously Mr. Stifano has held positions such as CEO of Cordoba minerals, Chairman of Mega Precious Metals, CFO of Lakeshore Gold, CFO Ivernia Inc. as well as working with Noranda Inc.

Adam Spencer, B.Comm, CFA

As a former Director at Cormark Securities Inc., Adam Spencer spent six years in investment banking, providing coverage to a variety of mining companies operating in the base metals, precious metals, and bulk commodity sectors. His experience directing merger and acquisition advisory mandates and equity financings have made him a valuable asset at [Sandstorm Gold Ltd.](#), where his primary focus is to grow the company's royalty portfolio. He holds the designation of Chartered Financial Analyst and received a Bachelor of Commerce degree, with honours, from Dalhousie University.

Jason Brewster, B.A., M.Sc.

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.

Harvey McKenzie, CPA-CA

Mr. McKenzie is a (life member) Chartered Professional Accountant (CPA-CA), granted by the Chartered Professional 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 CFO and Corporate Secretary of Anconia Resources Corp., from November 2015 to April 30, 2017, he has been the CFO and Corporate Secretary of Ellipsiz Communications Ltd. a technology company (TSXV: ECL). 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.

Dennis LaPoint, BA, M.Sc., Ph.D

Dr. Dennis 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 was then exploration manager for Suriname at Cambior Inc. and later lamgold Corporation and was instrumental in new discoveries and resources for the Rosebel Gold Mine and supervised the Omai geologists after Omai closed. He initiated, managed and discovered the Merian Gold Mine for Alcoa Corporation in Suriname, South America.

Principal Security Holders

The following persons will own of record or beneficially (directly or indirectly) or exercise control or direction over the common shares carrying more than 10% of all of voting rights attaching to the outstanding common shares of the Resulting Issuer:

Name and Municipality of Residence	Nature of Ownership	Number of Resulting Issuer Common Shares Owned	Percentage of Common shares ⁽¹⁾
Sandstorm Gold Ltd. Vancouver, BC	Direct	20,000,000	11.92%

Notes: (1) Based on 167,709,093 Common Shares issued and outstanding on close of the Proposed Transaction.

More information about each principal security holder of the Resulting Issuer is available under the heading Proposed Board of Directors and Officers and Insiders of Resulting Issuer in this news release.

Sponsorship

The Company intends to apply for a waiver of the sponsorship requirement. There is no assurance that a waiver from this requirement can or will be obtained.

Shareholder Approval

Matters to be approved by Anconia's shareholders in connection with the Proposed Transaction, including the proposed name change and consolidation of Anconia's common shares 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.

Anconia's shareholders will also vote on the Divestment (as defined below) wherein Anconia's Grenfell property will be transferred to certain related and unrelated third parties to repay

outstanding debts of Anconia.

Divestment of Grenfell Property

In addition to the reverse takeover transaction, the directors of Anconia have proposed to transfer a portion of the Grenfell property in the Kirkland Lake area of Ontario, Canada to related and unrelated third parties in order to repay outstanding debts of Anconia (the "Divestment"). This is considered a related party transaction pursuant to the rules of Multilateral Instrument 61-101 ("MI 61-101"), however, pursuant to section 5.7(a) of MI 61-101 the proposed Divestment does not require that a majority of the minority shareholders of Anconia vote in favour of the Divestment as the Divestment represents a fair market value of less than 25% of Anconia's market capitalization. Despite this exemption from requiring shareholder approval of the Divestment, the directors of Anconia have chosen not to proceed with the Divestment unless a majority of the shareholders of Anconia unrelated to the Divestment vote in favour of the Divestment.

Trading Halt

Trading will remain halted until the Proposed Transaction is accepted by (or satisfactory documentation has been filed with) the Exchange pursuant to Section 2.5 of Exchange Policy 5.2.

About Avalon Investment Holdings Ltd.

Avalon is an exploration and development focused company specializing in the highly prospective but under prospected Guiana Shield. Avalon is a privately held Barbados corporation, based in Christ Church, Barbados, with a wholly owned operating subsidiary, Avalon Gold, which is engaged in the acquisition, exploration and potential development of precious metal mineral properties in Guyana. Avalon was incorporated on February 22, 2018.

Avalon Gold 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 ("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 (the "Omai Gold Project"). In addition, Avalon 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.

Selected Consolidated Financial Information of Avalon Investment Holdings Ltd.

The following selected consolidated financial information of Avalon has been supplied to Anconia by Avalon for purposes of inclusion herein in accordance with Exchange requirements:

	Year ended December 31, 2019	Year ended December 31, 2018
	(audited)	(audited)
	US\$	US\$
Income Statement		
Revenue	-	-
Total Expenses	627,291	1,658,310
Net Income (Loss)	(627,291)	(1,658,310)
Balance Sheet		
Current Assets	42,208	13,480
Total Assets	6,341,058	4,973,418
Current Liabilities	2,238,899	1,466,937
Total Liabilities	3,363,617	2,528,937
Shareholders' Equity (Deficiency)	3,033,864	2,444,481

About Anconia

Anconia is a base and precious metals exploration and development company, with an exploration property

in Ontario, Canada. 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 Grenfell property is 100% owned by Anconia.

Additional Information

The common shares of the Company are currently halted from trading pending completion of the Proposed Transaction.

Cautionary Note

Completion of the transaction is subject to a number of conditions including but not limited to Exchange acceptance and shareholder approval. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of [Anconia Resources Corp.](#) should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accept responsibility for the adequacy or accuracy of this press release.

The common shares of the Company have not been and will not be registered under the United States *Securities Act of 1933* as amended and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Forward-Looking Statements

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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