

Amarillo closes equity offerings for total gross proceeds of \$57.2 million

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TORONTO, Aug. 13, 2020 - [Amarillo Gold Corp.](#) (Amarillo or the Company) (TSXV: AGC, OTCQB: AGCBF) has issued 190,666,000 common shares at \$0.30 per share to close the private placement and short form prospectus offerings previously announced on July 22, 2020. Amarillo will use the net proceeds to build its Posse Gold Mine and advance the Lavras do Sul exploration project, both in Brazil, as well as for general working capital purposes.

"This successful financing reflects the continuing support of our shareholders, and their confidence in the results of the positive feasibility study on the Posse Gold Project," said Mike Mutchler, the Company's CEO. "We will begin detailed engineering for Posse, and plan exploration programs for both our properties."

Mackie Research Capital Corporation (Mackie) was the sole underwriter and bookrunner for the private placement, under which 118,967,000 common shares were issued for \$35.7 million. The common shares issued under the private placement (the Private Placement) are subject to a statutory hold period of four months and one day.

Mackie also led the public offering as lead underwriter and sole bookrunner on a behalf of a syndicate of underwriters, which also included Sprott Capital Partners LP (the Underwriters). Under the prospectus offering, 71,699,000 common shares were issued for \$21.5 million.

Part of the Private Placement is considered a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument (MI) 61-101 *Protection of Minority Security Holders in Special Transactions*.

Eric Sprott, through 2176423 Ontario Ltd., a corporation which is beneficially owned by him, acquired 43,300,000 common shares pursuant to the private placement. After closing of the private placement, Mr. Sprott now beneficially owns or controls 68,300,000 common shares and 25,000,000 common share purchase warrants representing approximately 17.9% on a non-diluted basis and 22.9% on a partially diluted basis assuming the exercise of all pre-existing warrants.

Prior to the Offering, Mr. Sprott beneficially owned or controlled 25,000,000 common shares and 25,000,000 share purchase warrants. Mr. Sprott has provided an undertaking not to exercise his warrants until such time as the Company can obtain shareholder approval (from disinterested shareholders) and TSX Venture Exchange approval of the new control person which will be created once Mr. Sprott passes 20% ownership.

The common shares were acquired by Mr. Sprott, through 2176423 Ontario Ltd., for investment purposes. Mr. Sprott has a long-term view of the investment and may acquire additional securities of the Company including on the open market or through private acquisitions or sell securities of the Company including on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other relevant factors.

A copy of 2176423 Ontario Ltd.'s early warning report will appear on the Company's profile on SEDAR and may also be obtained by calling 416-945-3294 (200 Bay Street, Suite 2600, Royal Bank Plaza, South Tower, Toronto, Ontario M5J 2J1).

Mr. Sprott is an insider of the company and as such, his participation in connection with the private placement is a related-party transaction under the policies of the TSX Venture Exchange and Multilateral

Instrument 61-101 -- Protection of Minority Security Holders in Special Transactions. The company is relying on exemptions from the minority shareholder approval and formal valuation requirements applicable to the related-party transactions under sections 5.5(a) and 5.7(1)(a), respectively, of MI 61-101, as neither the fair market value of the shares to be purchased on behalf of Mr. Sprott nor the consideration to be paid by him exceeds 25 per cent of the company's market capitalization.

The Company did not file a material change report in respect of the related-party transaction at least 21 days prior to the closing of the private placement, which the Company deems reasonable in the circumstances, so as to be able to avail itself of the proceeds of the private placement in an expeditious manner. The Company filed a material change report on SEDAR on July 23, 2020 about 2176423 Ontario's participation in the private placement that can be found under the Company's issuer profile.

Baccarat Trade Investments Limited (Baccarat), which acquired 75,667,000 common shares under the Private Placement, has also become an insider. Before completing the Private Placement, Greentree Enterprises, LLC, a related party to Baccarat, held 432,500 common shares. After completing the private placement, Baccarat beneficially owns and controls 76,099,500 common shares, about 19.92% of the issued and outstanding common shares on a non-diluted and partially diluted basis.

Amarillo has granted 2176423 Ontario and Baccarat the right to participate in future equity financings to maintain their pro rata ownership, as long as they have at least a 10% interest in the Company.

Lawrence Lepard, a director of the Company, beneficially owns and controls EMA Garp Fund LP (EMA), which purchased 900,000 common shares under the public offering. Prior to closing, EMA held 2,850,000 common shares, 2,650,000 common share purchase warrants, and options to acquire 350,000 common shares. After closing, EMA beneficially owns and controls 3,750,000 common shares, about 1.2% of the issued and outstanding common shares on a non-diluted basis and about 2.15% of the issued and outstanding common shares on a partially diluted basis.

Rostislav Raykov, a director of the Company, also purchased 240,000 common shares under the public offering. Before closing, Mr. Raykov held 3,321,214 common shares, 601,000 common share purchase warrants, and options to acquire 1,200,000 common shares. After closing, Mr. Raykov beneficially owns and controls 3,561,214 common shares, about 1.15% of the issued and standing common shares on a non-diluted basis and about 1.72% of the issued and outstanding common shares on a partially diluted basis.

The purchases made by EMA and Mr. Raykov are related party transactions within the meaning of TSX Venture Exchange Policy 5.9 and MI 61-101. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 in sections 5.5(b) and 5.7(1)(a) of MI 61-101. The fair market value of the participation in the public offering by these insiders is well under 25% of the market capitalization of the Company, as determined in accordance with MI 61-101.

The Company did not file a material change report on the related party transactions for EMA and Mr. Raykov at least 21 days before the closing, resulting from the customary timing for closing offerings.

As consideration for the services rendered in connection with the offerings:

- Mackie received a cash commission of up to 4.0% of the gross proceeds from the private placement and
- the Underwriters received a cash commission of up to 6.0% of the gross proceeds from the public offering.

The Common Shares described in this news release have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended, or any state securities laws. Accordingly, the common shares may not be offered or sold in the United States except in compliance with the registration requirements of the act and applicable state securities requirements, or under exceptions in set out in the act.

This press release is not an offer to sell or a solicitation to buy any securities in any jurisdiction.

About Amarillo

[Amarillo Gold Corp.](#) is advancing two gold projects in Brazil. Both are in mining-friendly states and have excellent nearby infrastructure. The development stage Posse Gold Project on its Mara Rosa Property in Goi?s State has received the main permit that provides social and environmental permission for mining. Work is underway on receiving the installation permit. The Lavras do Sul exploration project in Rio Grande do Sul State has more than 22 prospects centred on historic gold workings.

[Amarillo Gold Corp.](#) trades on the TSXV under the symbol AGC, and on the OTCQB under the symbol AGCBF.

For further information, please contact

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Forward-looking statements

This news release contains forward-looking statements regarding the Company's current expectations regarding future events, including its business, operations and condition, and management's objectives, strategies, beliefs and intentions.

Various factors may prevent or delay our plans, including but not limited to, the trading price of the common shares of the Company, capital market conditions, impacts from the coronavirus or other epidemics, counterparty risk, TSXV approval(s), contractor availability and performance, weather, access, mineral and gold prices, and success and failure of the exploration and development carried out at various stages of the program.

Permission from the government and community is also required to proceed with future mining production. Readers should review the Company's ongoing quarterly and annual filings, as well as any other additional documentation comprising the Company's public disclosure record, for additional information on risks and uncertainties relating to these forward-looking statements.

Readers should also review the risk factors applicable to junior mining exploration companies generally to better understand the variety of risks that can affect the Company. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law.

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