

E36 Capital Corp. Announces Proposed Qualifying Transaction to Acquire Kalo Gold Corp.

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Vancouver, Sept. 30, 2020 - [E36 Capital Corp.](#) (TSXV: ETSC.P) ("E36" or the "Company"), a Capital Pool Company as defined in the policies of the TSX Venture Exchange (the "TSXV"), is pleased to announce that it has entered into an amalgamation agreement dated September 30, 2020 (the "Agreement") with Kalo Gold Corp. ("Kalo"), a mineral exploration company with Fiji-based projects, and 1266094 B.C. Ltd ("Newco"), the Company's wholly owned subsidiary formed for the purpose of completing the acquisition of Kalo, which sets out the terms and conditions pursuant to which the Company will acquire all of the issued and outstanding common shares (each, a "Kalo Share") in the capital of Kalo (the "Transaction").

The Transaction is intended to constitute the Company's "Qualifying Transaction", as such term is defined in Policy 2.4 - Capital Pool Companies (the "CPC Policy") of the TSXV Corporate Finance Manual.

The Transaction is arm's length and is therefore not a Non-Arm's Length Qualifying Transaction under the CPC Policy and, accordingly, is not expected to require the approval of E36's shareholders.

Trading of the common shares in the capital of the Company (each, an "E36 Share") is expected to remain halted until such time as the TSXV may determine, having regard to the completion of certain requirements pursuant to the CPC Policy. Further details of the Transaction will follow in future news releases.

Terms of the Transaction

Pursuant to the terms of the Agreement, the Company will acquire all of the outstanding Kalo Shares by way of a three-cornered amalgamation, whereby Kalo will amalgamate with Newco and the resulting amalgamated entity will be a wholly owned subsidiary of the Company. As set forth in the Agreement, the Company will issue to the shareholders of Kalo a total of 38,950,000 E36 Shares, on the basis of one E36 Share for each Kalo Share, at a deemed price of \$0.20 per E36 Share. Upon completion of the Transaction, the Company intends to be listed on the TSXV as a Tier 2 mining issuer and will principally focus on the exploration and development of Kalo's Vatu Aurum Gold Project.

Description of the Property

Kalo was formed on June 6, 2020 under the Business Corporations Act (British Columbia). It owns 100% of the right, title and interest in the Vatu Aurum Gold Project, which consists of two mineral licenses covering 36,700 hectares. The Vatu Aurum Gold Project is located on Vanau Levo, the North Island of Fiji. The Company will initially focus on the Qiriyaga Zone, a 2.5 km long northeast trending zone defined by soil geochemistry and trenching. Drilling on Qiriyaga Hill located on the southern end of this zone confirmed the presence of several high-grade zones with selective drill intersections including *8.75 m @ 36.02 g/t Au (61.25 to 80m) and 10 m @ 27.18 g/t Au (76-86 m) including 120 g/t Au between 80-83 m in drill hole KCD-17. In addition to high-grade gold mineralization, drilling in Qiriyaga Hill over a limited area of 140 m x 210 m resulted in defining a **resource estimate (historical) of 114,598 oz gold of mostly oxide mineralization, starting at surface down to depth of 45m only. Mineralization in Qiriyaga Zone is considered to be epithermal type as with the rest of the targets in the property. Outside of Qiriyaga Zone there are at least 14 gold targets that have been identified by the previous operator, some exhibiting copper mineralization. These targets, as with Qiriyaga Zone, are located within or around two calderas that are present in the property.

Kalo is in the process of preparing an independent technical report with respect to the Vatu Aurum Gold Project in accordance with the requirements under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Further disclosure will be provided in subsequent news releases. The Technical Report will be filed on E36's SEDAR profile once completed.

*The Qualified Person has not verified the data disclosed and has not completed sufficient work to verify the historical technical data and information regarding the Property.

******The historical estimate was prepared by Roberto Tan (AusIMM), and Roman Celis, Jr. in February 2017 for Kalo Exploration Ltd. in their report "Cirianiu Gold Project Resource Evaluation" using categories and definitions consistent with CIM Definition Standards of Mineral Resources and Mineral Reserves (November 27, 2010) at the time of completion of the "estimate", as outlined in NI 43-101, however a qualified person has not done sufficient work to classify the historical estimates as current mineral resources and therefore the Company is not treating the historical estimates as current mineral resources. Investors are cautioned that the historical estimates do not mean or imply that economic deposits exist on the Property. The Company has not undertaken any independent investigation of the historical estimate or other information contained in this presentation nor has it independently analyzed the results of the previous exploration work in order to verify the accuracy of the information. The Company believes that the historical estimate and other technical information contained in this news release are relevant to continuing exploration on the Property.

The registered and records office of Kalo is located in Vancouver, British Columbia. The principal shareholder of Kalo is Delta Mining Ltd. ("Delta Mining"), arm's length to the Company, and resides in the British Virgin Islands. Delta Mining will hold approximately 23.6% of the resulting issuer. A summary of significant financial information with respect to Kalo will be included in a subsequent news release.

Concurrent Financing

In connection with the closing of the Transaction, E36 expects to complete a non-brokered private placement of a minimum of 10,000,000 E36 Shares at a price of \$0.20 per E36 Share to raise minimum gross proceeds of \$2,000,000 (the "Concurrent Financing"). E36 may pay finder's fees in connection with the Concurrent Financing, in accordance with the policies of the TSXV.

The net proceeds of the Concurrent Financing are expected to be used for exploration and related expenditures respecting the Vatu Aurum Gold Project and working capital purposes. Further details regarding the Concurrent Financing will be included in a subsequent news release once additional details become available.

All E36 Shares to be issued under the Concurrent Financing will be subject to a statutory hold period of four months and one day from the closing of the Concurrent Financing. None of the E36 Shares to be issued in connection with the Transaction or the Concurrent Financing have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of E36 Shares in the United States or in any other jurisdiction where such offer, sale or solicitation would be unlawful.

Conditions of Closing

Completion of the Transaction will be subject to certain conditions, including: (a) the receipt of all necessary approvals of the boards of directors of E36 and Kalo; (b) the receipt of all required consents and approvals, including approval of the Transaction by the TSXV; (c) E36 satisfying the initial listing requirements set by the TSXV for a Tier 2 mining issuer; (d) the completion by E36 of the Concurrent Financing; and (e) the completion of satisfactory mutual due diligence by E36 and Kalo.

Closing of the Transaction is expected to occur on or prior to January 31, 2021 or such other date as may be agreed upon by the Company and Kalo. The Agreement may be terminated by either party if (a) the Company and Kalo mutually agree; (b) the Proposed Transaction is not permitted to be E36's Qualifying Transaction by the TSXV; or (c) closing has not occurred on or before March 31, 2021.

Sponsorship

Sponsorship of a Qualifying Transaction of a Capital Pool Company is required by the TSXV unless exempt in accordance with TSXV policies or a waiver is granted by the TSXV. E36 intends to apply for an exemption from the sponsorship requirements under Section 3.4 of TSXV Policy 2.2 or a waiver of sponsorship if an exemption from sponsorship is unavailable; however, there can be no guarantee that a waiver will be granted if no exemption is available.

Board of Directors, Management and Advisors

The following sets out the persons who are expected to be directors, officers and advisors of the Company following the completion of the Proposed Transaction:

● Fred Tejada, CEO and Director
● Kevin Ma, President
● Michael Nesbitt, Senior In-Country Manager and Director
● Alex Tong, Chief Financial Officer and Corporate Secretary
● David Whittle, Director
● Cam Grundstrom, Director
● David Medilek, Special Advisor
● Alastair Still, Special Advisor
● Russel Fountain, Special Advisor

CEO & Director - Fred Tejada, P. Geo

Mr. Tejada, is a seasoned executive and professional geologist, registered in British Columbia, with over 35 years of international mineral industry experience and a proven track record, working with both major and junior mining and exploration focused organizations. He has significant experience in porphyry copper and epithermal gold exploration. Mr. Tejada was Country Manager for Phelps Dodge Exploration Corporation in the Philippines, and previously served as Vice President for Exploration of Panoro Minerals Ltd., where he directed the resource definition drilling of its two major copper projects in Peru. He was also previously involved in the exploration of the Trend and the Belcourt Saxon coal projects in Northeast British Columbia. He was Vice President for Operations and Exploration of Tirez Resources Ltd (now European Electric Metals Inc.) before transitioning to CEO of the company. Mr. Tejada is a director of several junior mining companies, including MegumaGold Corp., European Electric Metals Inc. and Eastern Zinc Corp., all of which are based in Vancouver, British Columbia.

President - Kevin Ma, CPA, CA

Mr. Ma, Director and CEO of E36 Capital Corp, and currently a Partner at Calibre Capital Corp, a private merchant bank and advisory firm which provides corporate finance, strategic go-public and management advisory services to public and private companies. Most recently, Mr. Ma advised and executed First Cobalt Corp.'s \$103 million three-way merger with Cobalt One Limited and Cobaltech Inc. and a \$93 million acquisition of US Cobalt Inc. He has been involved in over \$200 million in corporate financing transactions. Mr. Ma was the Director of Finance for Alexco Resource Corp. and was integral in the new development and operations of the Bellekeno Silver Mine in the Yukon. Mr. Ma has over 15 years of experience in corporate finance, mergers & acquisitions, senior executive advisory, and working with TSX and NYSE listed companies. Mr. Ma is currently serving several public and private companies as an executive officer and director. He is a Chartered Accountant certified by the Institute of Chartered Professional Accountants of British Columbia. Mr. Ma will be responsible for matters related to corporate finance, capital markets and corporate development for the Kalo Gold Corp. following completion of the Transaction.

Senior In-Country Manager & Director - Michael Nesbitt

Mr. Nesbitt, a co-founder of Kalo, has been conducting mineral exploration for over 10 years, at projects in Vanuatu, Fiji, Palau, Tonga, and Guinea (Conakry). He has been active on the ground in Fiji since the beginning of the exploration of the Vatu Aurum Gold Project, and has established key relationships with landowners and government in the area. Mr. Nesbitt holds a B.Sc. Economics and a Minor in Spanish from the University of Victoria. Mr. Nesbitt will continue to act as the In-Country Senior Manager for Kalo in Fiji.

Chief Financial Officer and Corporate Secretary - Alex Tong, CPA, CA

Mr. Tong has over 15 years of experience in financial roles for mining companies operating in both North America and Africa. He was most recently the Director of Finance for diamond producer Lucara Diamond Corp. Prior to Lucara, Mr. Tong held senior finance roles at resource development public companies, including Energy Metals and NovaGold, where he was responsible for achieving operational performance and leading mergers and acquisitions, while also being involved with various financing initiatives. Mr. Tong is a Chartered Professional Accountant and holds a Bachelor of Business Administration from Simon Fraser University. He is a co-founder of Calibre Capital Corp., a full-service merchant bank providing financial services, leading stock exchange listings and managing all aspects of businesses for its clients to achieve commercial success.

Director - David Whittle, CPA, CA

Mr. Whittle is a Chartered Professional Accountant, with over 25 years of senior executive experience in the mining industry, where he has been responsible for strategic planning initiatives, operations and all aspects of corporate and financial management and administration. He was formerly the Chief Financial Officer at Alexco Resource Corp., where the team developed and operated a high-grade silver mine in the Keno Hill Silver District in the Yukon. Most recently, Mr. Whittle served as an independent director of Alio Gold Inc., which was acquired by Argonaut Gold Inc., where he also served as chair of its Audit Committee. He also served as an independent director of Mountain Province Diamonds Inc., including acting as Audit Committee

Chair and Lead Outside Director for much of his tenure. Mr. Whittle additionally served as CEO of Mountain Province, leading the company through a chief executive transition and the US\$330 million refinancing of its senior debt facility, then resuming his role as an independent director. He is currently a director of Viva Gold Corp. and of Treasury Metals Inc. Mr. Whittle holds a BComm (Finance) degree from the University of British Columbia.

Director - Cam Grundstrom

Mr. Grundstrom, a co-founder of Kalo, started his career in mining by working underground in small lead/zinc silver mines. He went on to earn his Mining Engineering degree from Montana College of Mineral Science and Technology. Mr. Grundstrom has since worked for Placer Dome in Papua New Guinea, for BHP at Ektai, Island Copper and Ok Tedi and for Suncor. In 2000, he and his Kalo co-founders identified Fiji as a solid jurisdiction for mineral exploration and conducted reviews of the top ten prospective areas of Fiji, securing the current Kalo licenses in 2009.

Special Advisor - David Medilek, P.Eng., CFA

Mr. Medilek is a mining professional with over 13 years of mining capital markets, corporate strategy and technical experience. In addition to serving as Vice President Business Development and Investor Relations of gold producer K92 Mining Inc., Mr. Medilek is a director of Minaurum Gold Inc. and Northern Superior Resources Inc. Prior to joining K92, he was an equity research analyst at Macquarie Group Limited, covering precious metals mining companies. Mr. Medilek was previously a mining investment banker with Cormark Securities Inc. for over 4 years, gaining extensive capital raising and M&A experience. He began his career as a mining engineer with a focus on underground mining, for over 4 years with Barrick Gold Corporation in Western Australia. Mr. Medilek holds a Bachelor of Applied Science in Mining Engineering with Distinction from the University of British Columbia, a Professional Engineer designation in the Province of British Columbia, and is a CFA® charterholder.

Special Advisor - Alastair Still, M.Sc., P.Geo.

Mr. Still, Executive Vice President and Chief Development Officer of GoldMining Inc., is a seasoned mining industry professional with 25 years of experience at mining operations, corporate development and strategy, and mine project development. Early in his career Mr. Still worked as senior geologist at the Macassa mine in Kirkland Lake, Ontario for Kinross Gold and transferred to Timmins as Chief Geologist for Kinross, then Placer Dome and eventually as Technical Services Manager for Goldcorp Inc. Mr. Still relocated to Vancouver as Director, Business Development for Goldcorp in 2007 and worked for several years with a team that completed extensive corporate transactions including the acquisition of the Cerro Negro deposit in Argentina where Mr. Still would subsequently spend three and a half years as Project Director overseeing project development until first production of this multi-million ounce epithermal gold-silver deposit. Mr. Still continued as Director, Corporate Development with Newmont for a year after the merger with Goldcorp until he recently departed to establish his own management company. Mr. Still holds a Master of Science degree (structural geology) from Queen's University.

Special Advisor - Dr. Russell Fountain, PhD

Dr. Fountain is the Principal and Founder of Exsolutions Pty Ltd., a mineral exploration consultancy firm based in Sydney, Australia, specializing in gold and base metals, which he founded 20 years ago. He has served on the boards of several publicly-listed mineral resource companies. He was formerly President of Phelps Dodge Exploration Corp. based in Phoenix, AZ, USA. Most recently, Dr. Fountain was the Chairman and a director of Geopacific Resources Ltd., an ASX listed public company that, at one stage, held the largest mining concessions in Fiji, holding five copper and gold projects, including the Raki-Raki and Faddy projects. Dr. Fountain holds a Doctor of Philosophy degree in Economics Geology from the University of Sydney.

About Kalo Gold Corp.

Kalo Gold Corp. is a mineral exploration company focused on the Vatu Aurum Gold Project on Fiji's north island - Vanau Levo. Kalo holds two mineral exploration licenses over 36,700 hectares of land and on tread with many of the largest gold deposits in the world.

About E36 Capital Corp.

The Company is a Capital Pool Company within the meaning of the policies of the TSXV that has not commenced commercial operations and has no assets other than cash. Except as specifically contemplated in the CPC policy, until the completion of its Qualifying Transaction, the Company will not carry on business, other than the identification and evaluation of companies, businesses or assets with a view to completing a proposed Qualifying Transaction.

Completion of the Transaction is subject to a number of conditions, including TSXV acceptance and, if

applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. 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 a capital pool company should be considered highly speculative. The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

Qualified person

The technical information in this news release was reviewed by Fred Tejada, PGeo, a qualified person as defined by NI 43-101, and a proposed director and officer of the Company.

On behalf of E36 Capital Corp.

Kevin Ma
Chief Executive Officer

For more information contact:

Kevin Ma
E: kevin@calibrecapital.ca
P: +1 (604) 363-0411

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

Forward-Looking Statements Disclaimer

This news release contains forward-looking statements relating to the timing and completion of the Proposed Transaction, the future operations of the Company 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 statements regarding the Proposed Transaction and the future plans and objectives of the Company, 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 the Company'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 the Company pursuant to applicable Canadian securities laws.

The reader is cautioned that assumptions used in the preparation of any forward-looking statements herein 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 the Company. As a result, the Company 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 the Company will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.

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