

# Serengeti Resources and Sun Metals Close Upsized \$10,350,000 Bought Deal Offering in Connection With Merger Transaction

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[Serengeti Resources Inc.](#) (TSX-V: SIR) and [Sun Metals Corp.](#) (TSX-V: SUNM) are pleased to announce, further to their joint news releases dated November 30, 2020 and December 2, 2020, the closing of the previously announced upsized bought deal financing of 82,800,000 subscription receipts (the "Subscription Receipts") of Sun Metals, at a price of \$0.125 per Subscription Receipt (the "Issue Price") for gross proceeds of \$10,350,000 (the "Offering"). The Offering included a full exercise of the underwriters' over-allotment option, and was co-led by PI Financial Corp. and Haywood Securities Inc. (the "Co-Lead Underwriters"), and included Agentis Capital Markets Canada Limited Partnership, Clarus Securities Inc. and Cormark Securities Inc. (collectively, with the Co-Lead Underwriters, the "Underwriters").

The Offering is being conducted in connection with the previously announced merger transaction, whereby Serengeti will acquire all of the shares of Sun Metals on the basis of 0.43 common shares of Serengeti (on a pre-Consolidation (as defined below) basis) for each share of Sun Metals held (the "Exchange Ratio"), to create a premier Canadian multi-asset copper-gold developer (the "Transaction"). Proceeds from the issue and sale of the Subscription Receipts will be used to advance the collective portfolio of copper-gold exploration and development assets in British Columbia, and for general working capital purposes.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") entered into by Sun Metals, Serengeti, the Co-Lead Underwriters, and Computershare Trust Company of Canada as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the gross proceeds of the Offering (less 50% of the Underwriters' cash commission and all of the Underwriters' expenses) (the "Escrowed Funds") will be held in escrow pending satisfaction of certain conditions, including, amongst others, (a) the satisfaction or waiver of each of the conditions precedent to the Transaction; and (b) the receipt of all required shareholder and regulatory approvals in connection with the Transaction and the Offering, including the conditional approval of the TSX Venture Exchange (the "TSX-V") (collectively, the "Escrow Release Conditions"). If the Escrow Release Conditions have not been satisfied on or prior to March 31, 2021, the holders of Subscription Receipts will be returned a cash amount equal to the Issue Price of the Subscription Receipts and any interest that has been earned on the Escrowed Funds.

Upon the satisfaction of the Escrow Release Conditions prior to March 31, 2021, each Subscription Receipt will automatically convert into one Unit (each, a "Unit") of Sun Metals which shall be exchanged, adjusted, or converted into securities of Serengeti at the Exchange Ratio, on a post-Consolidation basis, upon completion of the Transaction. The number of units of Serengeti to be exchanged or adjusted will reflect the previously announced consolidation (the "Consolidation"), whereby immediately prior to the closing of the Transaction, Serengeti will consolidate its common shares on a two for one basis, subject to the receipt of all necessary approvals.

Each Unit will consist of one common share of Sun Metals (each a "Common Share") and one-half of one common share purchase warrant (each a "Warrant"). Each full Warrant will be exercisable to acquire one common share of Sun Metals (each a "Warrant Share") for a period of 24 months from the closing of the Offering, at an exercise price of \$0.18. Each Warrant is subject to acceleration in the event that the volume weighted average trading price of the common shares of Sun Metals on the TSX Venture Exchange is equal to or greater than \$0.30 for 20 consecutive trading days. All prices to be adjusted by the Exchange Ratio upon completion of the Transaction. It is expected that an aggregate of 17,802,000 post-Consolidation shares of Serengeti will be issued and the warrants will be adjusted to entitle the holders to acquire an additional 8,901,000 post-Consolidation shares of Serengeti at an approximate effective price of \$0.84 per share, on or before December 17, 2022, subject to agreed acceleration provisions, on conversion of the Subscription Receipts and following completion of the Transaction.

The Subscription Receipts were offered by way of a private placement in all the provinces of Canada and in the United States on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). The Subscription Receipts and the Common Shares, Warrants and Warrant Shares underlying the Subscription Receipts, will be subject to a statutory four-month hold period in accordance with Canadian securities legislation, or until such securities are exchanged or adjusted pursuant to the Transaction.

Certain insiders of Sun Metals acquired Subscription Receipts pursuant to the Offering and as such the Offering is considered a related party transaction with the meaning of TSX Venture Policy 5.9 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (MI 61-101). Neither Sun Metals, nor to the knowledge of Sun Metals after reasonable inquiry, a related party, has knowledge of any material information concerning Sun Metals or its securities that has not been generally disclosed. Sun Metals has relied on exemptions from the formal valuation and minority approval requirements of sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such insider participation, based on a determination that the fair market value of the participation in the Offering by insiders will not exceed 25% of the market capitalization of the Sun Metals, as determined in accordance with MI 61-101. Sun Metals did not file a material change report more than 21 days before the expected closing of the Offering because the details of the participation therein by related parties of Sun Metals were not settled until shortly prior to closing of the Offering and the parties wished to close on an expedited basis for business reasons.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the Subscription Receipts in the United States. The Subscription Receipts and the Common Shares, Warrants and Warrant Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws and may not be offered or sold within the United States except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

#### About Serengeti

Serengeti is a mineral exploration company managed by an experienced team of professionals with a solid track record of exploration success. The Company is currently advancing its majority-owned, advanced Kwanika copper-gold project and exploring its extensive portfolio of properties in north-central British Columbia. Additional information can be found on the Company's website at [www.serengetiresources.com](http://www.serengetiresources.com).

#### About Sun Metals

Sun Metals is advancing its 100% owned flagship, high-grade Stardust Project located in north-central British Columbia, Canada. Stardust is a high-grade polymetallic Carbonate Replacement Deposit with a rich history. Sun Metals also owns the Lorraine copper-gold project, and the OK copper-molybdenum project.

On Behalf of the Board of Directors of [Serengeti Resources Inc.](#)

*David W. Moore*

President, CEO & Director

On Behalf of the Board of Directors of [Sun Metals Corp.](#)

*Steve Robertson*

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Neither 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.

#### Cautionary Statement Regarding Forward Looking Information

All statements, trend analysis and other information contained in this press release about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "intend", and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding anticipated benefits of the Transaction, the closing of the Transaction and the use of proceeds from the Offering, are forward-looking statements. Although Serengeti and Sun Metals (the "Companies") believe that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since the Companies can give no assurance that such expectations will prove to be correct. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the risks, uncertainties and other factors identified in the Companies' periodic filings with Canadian securities regulators, and assumptions made with regard to: the Companies' ability to complete the proposed Transaction; the Companies' ability to secure the necessary shareholder, securityholder, legal and regulatory approvals required to complete the Transaction; the estimated costs associated with the advancement of the Companies' projects; and the Companies' ability to achieve the synergies expected as a result of the Transaction. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from the Companies' expectations include risks associated with the business of Serengeti and Sun Metals; risks related to the satisfaction or waiver of certain conditions to the closing of the Transaction; non-completion of the Transaction; risks related to reliance on technical information provided by Serengeti and Sun Metals; risks related to exploration and potential development of the Companies' projects; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risk factors as detailed from time to time and additional risks identified in Serengeti and Sun Metals' filings with Canadian securities regulators on SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com)). Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Neither Serengeti nor Sun Metals undertakes any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

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