

G2 Goldfields Inc. Announces Proposed Spin-Out of Sandy Lake Project

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TORONTO, Feb. 03, 2021 - [G2 Goldfields Inc.](#) ("G2" or the "Company") (TSXV:GTWO; OTCQX:GUYGF) is pleased to announce its intention to transfer its ownership and rights in the Sandy Lake property (the "Sandy Lake Project") into a wholly-owned subsidiary of G2, [S2 Minerals Inc.](#) ("S2"), and spin-out all of the securities of S2 to the Company's shareholders on a *pro rata* basis, through a Plan of Arrangement under the *Canada Business Corporations Act* (the "Arrangement"). Pursuant to the Arrangement, S2 will also issue rights ("S2 Rights") to the holders (the "S2 Shareholders") of the common shares of S2 ("S2 Shares") to raise gross proceeds of approximately C\$1.2 million (the "Rights Offering")

The Arrangement is designed to deliver greater value to shareholders by unlocking the value of the Sandy Lake Project and providing a mechanism for S2 to have sufficient working capital through the Rights Offering, which includes a Standby Commitment (as defined below), to carry out an initial work program and to cover its anticipated near term general and administrative expenditures.

The Sandy Lake Project is G2's single Canadian exploration asset. It comprises approximately 167,000 acres of contiguous mineral claims in the Sandy Lake Archean Greenstone Belt, located approximately 140 miles north of Red Lake, Ontario. Upon completion of the Arrangement, S2 will hold a 100% interest in the mineral rights to approximately 137,000 acres, a 50.1% interest in the approximately 15,000 acres of the "Weebigee Joint Venture claims and a 50% interest in a further 15,000 acres of the Southern Block claims in joint ventures with [Goldeye Explorations Ltd.](#), now part of [Treasury Metals Inc.](#). It is expected that over time, S2 may add new Canadian-focused exploration stage projects to its portfolio. G2 will retain and focus on the advancement of its mining interests in Guyana.

Patrick Sheridan, Executive Chairman of G2, said, "The proposed spinout of the Sandy Lake Project will allow G2 to focus on further advancement of its mining interests in Guyana. The creation of S2 is expected to enhance shareholder value by bringing increased investor focus to the potential that we see at Sandy Lake and the backstopped Rights Offering will provide S2 with sufficient working capital to finance its activities for at least the next 12 months."

The Transaction

The Arrangement will include a transfer of the Sandy Lake Project to S2 and then a distribution of all of the S2 Shares to the holders (the "G2 Shareholders") of G2 common shares ("G2 Shares") on a *pro rata* basis. G2 Shareholders will be entitled to receive one S2 Share for every ten G2 Shares held as of the effective date of the Arrangement (the "Effective Date"), expected to be on or about April 7, 2021. There will be no change in shareholders' holdings in G2 as a result of the Arrangement. In addition, holders of warrants of G2 as of the Effective Date will have their warrants adjusted in accordance with their terms as a result of the Arrangement.

S2 is expected to have the same board of directors and senior management team as G2. Changes and additions to the S2 management team will be made as needed and as the Sandy Lake Project progresses.

The Rights Offering

In connection with the Rights Offering component of the Arrangement, each eligible shareholder of S2 on the Effective Date will receive one S2 Right for every S2 Share held. Each S2 Right will entitle the holder to subscribe for one S2 Share at a subscription price of C\$0.10 per S2 Share (the "Basic Subscription Privilege"). S2 Shareholders who fully exercise their S2 Rights under the Basic Subscription Privilege will also be entitled to subscribe for additional S2 Shares, on a *pro rata* basis, if available as a result of unexercised S2 Rights (the "Additional Subscription Privilege") prior to the expiry time of the S2 Rights, which is expected to be 21 days after the certificates evidencing the S2 Rights are mailed to eligible registered S2 Shareholders as of the Effective Date.

S2 has also entered into a standby commitment agreement (the "Standby Commitment Agreement") with Patrick Sheridan, the Chairman of G2 and its controlling shareholder, and Dan Noone, the Chief Executive

Officer and a director of G2 (together, the "Standby Purchasers") in connection with Rights Offering. The Standby Purchasers have agreed, subject to certain terms and conditions, to exercise their Basic Subscription Privilege in respect of all S2 Rights issued to them under the Arrangement, and, in addition thereto, to acquire any additional S2 Shares available as a result of any unexercised S2 Rights (the "Standby Commitment"), such that S2 will, subject to the terms of the Standby Commitment Agreement, be guaranteed to issue S2 Shares in connection with the exercise of S2 Rights for aggregate gross proceeds of approximately C\$1.2 million. The Standby Purchasers will receive no compensation for providing the Standby Commitment.

The Standby Purchasers are "related parties" of G2 under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") because they are both directors and officers of G2 and Mr. Sheridan exercises control and direction over more than 10% of the issued and outstanding G2 Shares. However, the issuance of the S2 Rights is not subject to the related party rules under MI 61-101 based on a prescribed exception related to rights offerings.

Neither the S2 Shares nor the S2 Rights being offered nor the S2 Shares issuable on exercise of the S2 Rights have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be exercised, offered or sold, as applicable, in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of S2 or G2. There shall be no offer or sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification of such securities under the laws of any such jurisdiction.

Approvals

The Arrangement will be subject to regulatory approval, including the approval of the TSX Venture Exchange (the "TSXV") and court approval, as well as approval by not less than two-thirds of the votes cast at the special meeting (the "Meeting") of the G2 Shareholders, to be scheduled for on or about March 29, 2021. The record date for the Meeting will be set as February 15, 2021. Full details of the Arrangement, including the Rights Offering and how the S2 Rights may be exercised by eligible S2 Shareholders, will be included in the management information circular to be sent to G2 Shareholders in connection with the Meeting.

The Company has applied for a listing of the S2 Shares on the Canadian Securities Exchange (the "CSE"). Any such listing will be subject to S2 fulfilling all of the requirements of the CSE.

About G2 Goldfields Inc.

[G2 Goldfields Inc.](#) is focused on the discovery of large gold deposits in the Guiana Shield. The Company owns a 100% interest in two past gold producing mines, as well as a regional portfolio of highly prospective projects.

All scientific and technical information in this news release has been prepared under the supervision of Dan Noone (CEO of [G2 Goldfields Inc.](#)), a "qualified person" within the meaning of National Instrument 43-101. Mr. Noone (B.Sc. Geology, MBA) is a Member of the Australian Institute of Geoscientists.

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Forward-Looking Statements

This news release contains certain forward-looking statements, including, but not limited to, statements with respect to the Arrangement, including the impact of the Arrangement and the Rights Offering, the record date and date of the Meeting, the expected Effective Date, the board of directors and senior management

team of S2, and the future plans and intentions of G2 and S2. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Neither the 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.

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