

Sphinx Resources Ltd. Announces Proposed Transaction with Barlow Mine Inc.

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MONTREAL, October 21, 2021 - [Sphinx Resources Ltd.](#) (TSXV:SFX) ("Sphinx") announced today that it has entered into a letter of intent dated October 20, 2021 with Barlow Mine Inc. ("Barlow"), incorporated under the laws of Québec, pursuant to which Sphinx and Barlow intend to complete a business combination (the "Proposed Transaction"), in accordance with Policy 5.2 of TSX Venture Exchange (the "Exchange").

Summary of the Proposed Transaction

The Proposed Transaction is an arm's length reverse takeover of Sphinx within the meaning of Policy 5.2 of the Exchange and is subject to a number of conditions precedent, including a due diligence of Barlow, a private placement described hereinafter and the receipt of all requisite regulatory and corporate and shareholder approvals, including that of the Exchange.

Pursuant to the Proposed Transaction, Sphinx shall proceed to an approximately 27:1 common share consolidation in order to reduce its outstanding common shares to approximately 6,000,000 and shall acquire all of the issued and outstanding common shares in the share capital of Barlow for a total consideration of approximately \$12,000,000 payable through the issuance of approximately 24,000,000 common shares in the share capital of Sphinx (after consolidation).

About Barlow

Barlow was incorporated under the QBCA on December 10, 1987. Barlow is a private mineral exploration company focused on developing an environmentally friendly, vertically integrated pig iron production operation. Barlow is an evaluation-stage corporation which fully owns, without any royalties, four iron ore properties in the Canadian mining region of Abitibi, Québec: the Iron Hill (Montgolfier) (6,854 ha), the Orvilliers (Montgolfier Western Extension) (4,066 ha), the Adam River (2,843 ha) and the Adam Gold (167 ha) (the "Projects"). The Projects host large resources with favourable production metrics. No securities of Barlow are currently publicly traded on any stock exchange and Barlow is not a reporting issuer in any jurisdiction.

The address of Barlow's corporate office is 1000-1255, rue Peel, Montréal, Québec H3B 2T9.

Financial position of Barlow

The audited financial statements of Barlow for the year ended December 31, 2020 reveals total assets of \$100,596, total liabilities of \$28,382, a loss of \$149,045 and an accumulated deficit of \$11,280,202.

Private placement

Concurrent to the Proposed Transaction, Barlow shall have completed a brokered private placement for a minimum of \$4,000,000 and a maximum of \$6,000,000 (the "Private Placement"). Pursuant to the Private Placement, Barlow will issue subscription receipts (the "Subscription Receipts"). At closing of the Proposed Transaction, each Subscription Receipt will automatically be converted into one unit (a "Unit") consisting of one common share and one half warrant ("Warrant") of the resulting issuer (the "Resulting Issuer"). Each whole Warrant will entitle the holder thereof to acquire one additional common share of the Resulting Issuer for a period of 24 months from the issuance of the Units. The Resulting Issuer will use the proceeds of the Private Placement to fund its working capital and its mining activities.

The closing of the brokered Private Placement will be conditional upon, among other things, the agent's being satisfied that all of the conditions of the Exchange as to the completion of the Proposed Transaction have been satisfied or waived by the Exchange (other than the closing of the concurrent Private Placement), the completion of satisfactory due diligence by the agent, the receipt of all necessary corporate and regulatory approvals, and the execution of a definitive agency agreement among the agent and Barlow.

Board of directors and senior management of the Resulting Issuer

It is currently contemplated that on completion of the Proposed Transaction and the receipt of the requisite approvals from the applicable regulatory authorities, including approval of the Exchange, there will be five directors of the Resulting Issuer, consisting of: Pierre Bérubé, Pierre d'Aragon; Daniel Deschambault, Guy Dufresne and Pierre-André Viens.

It is further anticipated that Daniel Deschambault will be appointed President and Chief Executive Officer, Guy Dufresne will be appointed as Chair of the Board of Directors and Ingrid Martin will be appointed as Vice-President Finance and Chief Financial Officer.

The following is a brief description of the background and experience of the proposed directors and management of the Resulting Issuer:

Pierre Bérubé

Mr. Bérubé, Eng. (Geology), is a director of Barlow and has been the President and CEO of Abitibi Geophysics Inc., a mining exploration services company, for over 20 years. Abitibi Geophysics Inc. provides a full range of ground and borehole geophysical survey services worldwide, as well as consulting interpretation, using time-domain electromagnetics, deep TDEM, frequency-domain electromagnetics, resistivity/induced-polarization 2-D and 3-D, gravity/GPS, magnetics, gamma-ray spectrometry, and borehole logging.

Pierre d'Aragon

Mr. d'Aragon, BScA (Mechanical), MBA, is President and the Founder of Barlow Mine Inc. He is a former Director at Québec Explorer, Ojibway Resources Inc., Diabex Resources Inc. and Q.E.X. Resources Inc., mining exploration companies.

Daniel Deschambault

Mr. Deschambault, CPA, CA, is the President, CEO and a director of Sphinx. He has been a member of the Chartered Public Accountants for 35 years and was a Certification Partner for 22 years for a major Canadian firm. He has acquired solid experience in the mining field and more particularly in mining exploration and also participated in mergers, acquisitions and sale of companies.

Guy Dufresne

Mr. Dufresne, Eng. (Civil), S.M., MBA is the Chairman of Barlow Mine Inc. He was the President and CEO of Québec Cartier Mining Inc. (now part of ArcelorMittal Mines Canada G.P.). In addition, he is also a former Chairman of Cambior, a former Director of IAMGOLD Corporation and a former Chairman of the Canadian Mining Association.

Pierre-André Viens

Mr. Viens, CFA, ing., MBA, M.Sc., GSPD, is the CFO and a director of Sphinx. He is also Director and Vice-President, Finance of CMAC-Thyssen Global Holding Inc., where he is in charge of financing and corporate development. Previously, Mr. Viens worked for Xstrata Nickel at the Koniombo nickel mine and at

the Raglan mine as Project Manager, Operational Performance and Corporate Development Engineer respectively. Mr. Viens holds an MBA, a master's degree in mineral economics (mining engineering department), a bachelor's degree in business administration (Finance) and a bachelor's degree in mining engineering, all from Université Laval. Mr. Viens is a member of the Ordre des ingénieurs du Québec and holds the CFA designation.

Ingrid Martin

Ms. Martin, CPA, CA, will be the Chief Financial Officer of the Resulting Issuer. Since 2004, she has been involved with several mining and exploration organizations in Québec and has considerable expertise in finance and business acquisitions. Ms. Martin holds a bachelor in business management from HEC in Montréal, Québec. She has been a member of the Ordre des comptables professionnels agréés du Québec since 1990.

Specific conditions related to the closing

The specific conditions that must be met in relation to the closing of the Proposed Transaction are: (i) the Resulting Issuer must meet the minimum listing requirements of a Tier 2 issuer according to the Exchange policies up to and including the date on which the Exchange will issue its final approval; (ii) the completion of a due diligence of Sphinx to the complete satisfaction of Barlow; (iii) the completion of a due diligence of Barlow to the complete satisfaction of Sphinx; (iv) the completion of the Private Placement; (v) the execution of an amalgamation agreement, to include appropriate representations and warranties of both parties, as well as other terms and conditions customary to a transaction of this nature including, without limitation, covenants, indemnification and confidentiality provisions; (vi) the Proposed Transaction must be approved by the board of directors and the shareholders of both parties and must be accepted as such by the Exchange; and (vi) no material change must occur in the business and operations of Barlow and Sphinx.

Sponsorship of a similar transaction is required by Policy 2.2 of the Exchange's Corporate Finance Manual unless exempt in accordance with Exchange policies. Sphinx intends to apply for an exemption from sponsorship requirements. However, there is no assurance that Sphinx will be able to obtain such exemption.

About Sphinx

Sphinx is a mineral exploration company that focuses its activities in Québec in search of deposits of precious metals (gold, silver, palladium and platinum) and base metals (copper, zinc and lead).

For further information, please consult Sphinx's website or contact:

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Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested 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 Sphinx 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 TSX Venture Exchange nor its regulation services provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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