

Hemlo Explorers Enters Share Purchase Agreements for the Acquisition of Rocky Shore Metals and its Gold Anchor Project

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TORONTO, Aug. 06, 2024 - [Hemlo Explorers Inc.](#) (the "Company" or "Hemlo") (CSE: HMLO) is pleased to announce that it has entered into binding share purchase agreements ("Purchase Agreements") with shareholders of Rocky Shore Metals Ltd. ("Rocky Shore") pursuant to which the Company has agreed to acquire all of the issued and outstanding common shares of Rocky Shore ("Rocky Shore Shares") in exchange for the issuance of an aggregate of 49,999,704 common shares ("Hemlo Shares") in the capital of the Company (the "Transaction"). Pursuant to the terms of the Transaction, each Rocky Shore Share will be exchanged for 2.832 Hemlo Shares. After closing of the transaction, Hemlo will have 100,724,624 shares outstanding.

Transaction Highlights:

- Acquisition of 100% ownership of six (6) grass roots gold projects in a Tier 1 jurisdiction (Newfoundland, Canada) with no underlying royalties. (see map 1 below);
- All properties were staked for their potential to host widespread, high grade gold mineralization in structurally complex geological environments;
- Rocky Shore's flagship Gold Anchor Project, is a district scale asset in a significantly underexplored area that totals over 2,100 claims and 533 square kilometres. No systematic exploration or drilling has ever been completed for gold over the entire property;
- The Gold Anchor Project features approximately 50 kilometres of strike length of favorable metasediments bounded by two crustal faults (Dog Bay Line and Grub Line faults) hosting an interpreted "Major Fault and Splay Structural Corridor" on trend to [New Found Gold Corp.](#)'s significant gold discoveries at its Queensway Project in Central Newfoundland; and
- Further geological and structural maps are included in Appendix A to this news release and on the Company's website at www.hemloexplorers.ca.

Map 1 - Rocky Shore Metals Property Portfolio (in red)

Brian Howlett, the President and Chief Executive Officer of Hemlo said, "We are extremely pleased that we can acquire Rocky Shore and its Gold Anchor Project. We believe the combination of the Hemlo gold projects and Rocky Shore's early-stage gold properties in central Newfoundland will generate significant value for all stakeholders as we advance these projects forward toward discovery."

"This is an excellent opportunity that allows us to advance our district scale Gold Anchor Project; an underexplored and strategically located on trend to significant high grade gold discoveries in a potential emerging gold district. I am delighted to be able to work with the Hemlo team and look forward to completing our summer field program presently in full swing at Gold Anchor," said Ken Lapierre President and Chief Executive Officer Rocky Shore.

In connection with the Transaction, Ken Lapierre, President and Chief Executive Officer of Rocky Shore, will be appointed Vice President, Exploration of Hemlo. Mr. Lapierre brings forty plus years of experience to the management team at Hemlo. He is an exploration, mine geologist and financier with experience in the precious and base metals sectors. There will be no other changes to the board of directors or management of the Company.

Transaction Summary

The Purchase Agreements contain customary representations, warranties and agreements, conditions to closing and other obligations of the parties. Closing of the Transaction is anticipated to be completed as soon as reasonably possible following receipt of all necessary regulatory approvals and upon receipt of the approval of the Transaction by shareholders of Hemlo.

The Transaction is a related party transaction under the rules of the Canadian Securities Exchange ("CSE") as the Company's largest shareholder, Northfield Capital Corporation ("Northfield"), which owns approximately 26.14% of the issued and outstanding Hemlo Shares, is also a greater than 20% shareholder of Rocky Shore, accordingly, there will be no change of control in connection with the Transaction. Michael Leskovec is a member of the board of directors of the Company and the Chief Financial Officer of Northfield and Ernie Eves is a member of the board of directors of the Company and a member of the board of directors of Northfield. As a result, the Company intends to rely on the exemption in CSE Policy 4.6(1)(b) whereby the CSE's requirement for shareholder approval may be satisfied by a written consent signed by disinterested shareholders owning more than 50% of the outstanding Hemlo Shares. Completion of the Transaction is subject to the approval of the CSE.

The Transaction will be exempt from prospectus requirements pursuant to Section 2.16 of National Instrument 45-106 - *Prospectus Exemptions* (the "take-over bid and issuer bid" Transaction Exemption). In connection with the Transaction, certain of the shareholders of Rocky Shore who hold greater than 10% of the Rocky Shore Shares have entered into Purchase Agreements with the Company containing standard closing conditions for a transaction of this nature including all requisite corporate approvals and approval by the CSE for the consummation of the Transaction. Each of the remaining shareholders of Rocky Shore have entered into Purchase Agreements, substantially similar to the Purchase Agreements entered into by the 10% or greater holders, however, the representations and warranties contained therein only relate to the shareholders' ownership of Rocky Shore Shares and not with respect to Rocky Shore itself.

Related Party Considerations

As a "reporting issuer" that is listed on the CSE, the Company is subject to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company has determined that the Transaction constitutes a related party transaction under MI 61-101 as Northfield beneficially owns, controls or has direction over, directly or indirectly, 13,258,787 Hemlo Shares (representing approximately 26.14% of all outstanding Hemlo Shares), and beneficially owns, controls or has direction over, directly or indirectly, 5,350,000 of the Rocky Shore Shares (representing approximately 30.3% of all outstanding Rocky Shore Shares).

MI 61-101 requires that an issuer obtain approval of a majority of the disinterested shareholders as well as a formal valuation for a transaction that constitutes a related party transaction, absent an exemption from such requirements.

Valuation Requirement Exemption

MI 61-101 provides an exemption from the valuation requirement under Section 5.5(b) of MI 61-101 for a related party transaction if an issuer's securities are not listed on certain identified stock exchanges. Since the Hemlo Shares are listed on the CSE, and not listed on any other specified stock exchange in Canada or the United States (or outside of Canada and the United States), this exemption is available to the Company, and a formal valuation is not required in respect of the Transaction.

Minority Approval Requirement Exemption

MI 61-101 provides an exemption from the minority shareholder approval requirement under Section 5.7(e) of MI 61-101 if there is no other requirement, corporate or otherwise, to hold a meeting to obtain shareholder approval, and the following conditions are satisfied:

- (i) the issuer is insolvent or in serious financial difficulty,
- (ii) the transaction is designed to improve the financial position of the issuer,

- (iii) paragraph (f) of Section 5.5 of MI 61-101 [*Bankruptcy, Insolvency, Court Order*] is not applicable,
- (iv) the issuer has one or more independent directors in respect of the proposed Transaction, and
- (v) the issuer's board of directors, acting in good faith, has determined, and at least two-thirds of the issuer's independent directors, acting in good faith, have determined that: (a) subparagraphs (i) and (ii), noted above, apply, and (b) the terms of the transaction are reasonable in the circumstances of the issuer.

The Company has satisfied the above conditions. Hemlo established a special committee of independent directors that was comprised of Chris Hodgson and John Harvey (the "Special Committee"), to consider the Transaction and alternative transactions that could improve the Company's financial health. The Special Committee was responsible for reviewing, evaluating and negotiating the terms of the Transaction as well as identifying, considering and evaluating other strategic acquisitions with the objective of enhancing shareholder value and improving the financial position of the Company. Rocky Shore has also recently completed a non-brokered financing and raised approximately \$500,000 which can be used for the continued operations of the Company following the completion of the Transaction. Further, the Transaction provides the Company with a new prospective project to continue to focus its efforts on projects located in Eastern Canada. The Special Committee considered engaging a financial advisor but it was determined that due to a lack of financial resources and given its in house expertise that such an advisor was not necessary as the Special Committee was able to adequately consider the financial merits of the Transaction.

The Transaction was the result of a comprehensive negotiation process with Rocky Shore and its shareholders that was undertaken by management with the supervision and involvement of the Special Committee and in particular its chair Chris Hodgson, with the assistance of John Harvey. The board of directors of the Company (the "Board"), based on the unanimous recommendation of the Special Committee, determined that the Transaction is fair to shareholders of the Company and that the Transaction is in the best interests of the Company, and the Purchase Agreements were approved by the Board by way of unanimous consent resolution at a Board meeting of the Company. There were no disagreements between the Board and the Special Committee in respect of the Transaction, nor did any of the directors have an interest in the Transaction or a materially contrary view, except as stated in in this news release. In connection with their review and approval of the Transaction, the Board and the Special Committee also considered the fact that disinterested shareholders will be asked to consent to the Transaction in accordance with the CSE policies. No director or senior officer of the Company was aware of any prior valuation in respect of Rocky Shore that related to the Transaction that was made in the 24 months prior to the date hereof.

Qualified Person

Dr. Lesley Rose, P.Geol., Senior Exploration Geologist for the Company, a Qualified Person in accordance with Canadian regulatory requirements as set out in National Instrument 43-101, has reviewed and approved the scientific and technical information that forms the basis for the disclosure contained in this news release.

About Hemlo Explorers Inc.

Hemlo is a Canadian-based mineral exploration company with a portfolio of properties in Ontario, Newfoundland and Nunavut. Hemlo is focused on generating shareholder value through the advancement of its main Hemlo area projects, including Project Idaho, the Pic Project (under option to Barrick Gold Inc.), and North Limb Project, as well as advancing its Newfoundland claims.

For more information please contact:

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Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities exchange and interest rates, actual results of current production, development and exploration activities, government legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Certain information set forth in this news release may contain forward-looking information that involves substantial known and unknown risks and uncertainties, including, but not limited to: statements relating to the completion of the Transaction and the shareholders' approval thereof, the final approval of the Transaction by the CSE, the anticipated benefits of the Transaction to Hemlo and its shareholders, the future growth potential of the Company on a post-Transaction basis, the financial outlook of the Company on a post-Transaction basis, the possible impact of any potential transactions referenced herein on the Company's shareholders, and any potential future arrangements and engagements in regards to any such potential transactions. The forward-looking information is based on reasonable assumptions and estimates of the management of the Company at the time such statements were made and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Hemlo to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration; future commodity prices; changes in foreign or domestic regulation; political or economic developments; environmental risks; permitting timelines; capital expenditures; operating or technical difficulties in connection with development activities; employee relations; the speculative nature of mineral exploration and development including the risks of diminishing quantities of grades of resources, contests over title to properties, the Company's limited operating history, future capital needs and uncertainty of additional financing, and the competitive nature of the mining industry; the need for the Company to manage its future strategic plans; global economic and financial market conditions; uninsurable risks; and changes in project parameters as plans continue to be evaluated. Although Hemlo has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Although the forward-looking information contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, Hemlo cannot assure shareholders that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward-looking information, will prove to be accurate. Hemlo does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking information, except as required by applicable securities law.

Appendix A

Map 2 - All projects owned by Rocky Shore

Appendix A - Gold Anchor Maps

Map 3 - Regional Geology Surrounding Gold Anchor

Appendix A - Gold Anchor Maps

Map 4 - Regional Magnetic Intensity Map

Appendix A - Gold Anchor Maps

Map 5 -Fault and Splay Structural Corridor Map

Appendix A - Gold Anchor Maps

Map 6 - Project Geology

Photos accompanying this announcement are available at

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