

Element79 Gold Corp. Announces Proposed Spin Out and Merger

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[Element79 Gold Corp.](#) (CSE: ELEM) (OTC: ELMGF) (FSE: 7YS) ("Element79", or the "Company") is excited to announce that, in connection with its proposed spin out transaction, it has entered an arrangement agreement dated January 10, 2025 (the "Arrangement Agreement"), with its majority owned subsidiary, [Synergy Metals Corp.](#) ("Synergy"), and that it has also entered into a merger agreement dated January 10, 2025 (the "Merger Agreement"), with Synergy, Synergy's wholly owned subsidiary, 1515041 B.C. Ltd. ("Synergy SubCo"), and 1425957 B.C. Ltd. ("142"), as further described below.

Arrangement

On July 17, 2023, the Company transferred all rights and data related to the "Dale Property", being 90 unpatented mining claims located approximately 100 km southwest of Timmins, Ontario, to its newly incorporated subsidiary, Synergy. In exchange for this transfer, the Company was issued 2,000,000 Class "A" common voting shares in the capital of Synergy ("Synergy Shares").

In anticipation of the reverse takeover of Synergy by 142 under the Merger Agreement, described below, the Arrangement Agreement has been entered by the Company, whereby 1,000,000 of the 2,000,000 Synergy Shares held by the Company will be distributed to the shareholders of the Company (the "Company Shareholders") on a pro-rata basis (the "Spin-Out Arrangement"). In consideration for administrative support provided by the Company in connection with the arrangement transaction and Synergy's proposed subsequent application to list on the Canadian Securities Exchange and pursuant to the Arrangement Agreement, Synergy will issue an additional 10,000 Synergy Shares to the Company, which will also be distributed to the Company Shareholders as part of the Spin-Out Arrangement. The Spin-Out Arrangement will be a court ordered arrangement under the Business Corporations Act (British Columbia), and will be subject to approval by the Company Shareholders, as well as the British Columbia Supreme Court. It is anticipated that the Company will publish and distribute an information circular in respect of the meeting of the Company Shareholders to be held to vote on the Spin-Out Arrangement.

The Company currently holds approximately 60.24% of the Synergy Shares, excluding the 10,000 Synergy Shares to be issued to the Company under the Arrangement Agreement, and following the completion of the proposed Spin-Out Arrangement the Company is anticipated to hold approximately 30.03% of the Synergy Shares, while the Company Shareholders will hold approximately 30.33% of the Synergy Shares.

Merger

Subsequent to the Spin-Out Arrangement, Synergy proposes to acquire all of the issued and outstanding common shares in the capital of 142 ("142 Shares") in exchange for an equivalent number of Synergy Shares by way of a three cornered amalgamation whereby Synergy SubCo and 142 will amalgamate under the provisions of the Business Corporations Act (British Columbia) (the "Amalgamation") to continue as one corporation pursuant to the terms of the Merger Agreement. As consideration for the 142 Shares, shareholders of the 142 Shares ("142 Shareholders") will receive, pursuant to the Merger Agreement, one Synergy Share for each 142 Share held.

Following completion of the Amalgamation under the Merger Agreement, the issued and outstanding Synergy Shares will be held (i) approximately 86.35% by the former 142 Shareholders (excluding participants in the Concurrent Financing (defined herein)), (ii) approximately 4.02% by the Company Shareholders, (iii) approximately 3.98% by the Company (iv) approximately 5.25% by other existing holders of Synergy Shares, and (v) 0.40% by participants in the Concurrent Financing. As such, the Amalgamation will constitute a reverse take over of Synergy by 142. Holders of warrants to purchase 142 Shares ("142 Warrants") will also receive one replacement warrant to purchase a Synergy Share for each 142 Warrant held. There are currently 21,000,000 142 Warrants outstanding.

The Amalgamation will be subject to approval by the 142 Shareholders, as well as Synergy (being the sole shareholder of Synergy SubCo). The Amalgamation's closing will also be subject to 142's completion of a private placement of 100,000 142 Shares at a price of \$0.10 per 142 Share for gross proceeds of a minimum of \$10,000, or an amount otherwise agreed by Synergy and 142 (the "Concurrent Financing"). Upon completion of the Amalgamation, Synergy intends to make an application that the Synergy Shares be listed and posted for trading on the Canadian Securities Exchange.

The Company is expected to hold 1,000,000 Synergy Shares after the Amalgamation, all of which will be subject to escrow on the same terms of as insiders of Synergy after the Amalgamation.

Together, the Spin-Out Arrangement and the Amalgamation are intended to effect a reorganization of the Company's current business into two separate corporate entities. The Company will maintain its business as a gold exploration company with the objective of exploring and ultimately developing gold projects in Peru and the USA, while Synergy will be an exploration Company focused on the Dale Property.

About Element79 Gold Corp.

Element79 Gold is a mining company actively exploring and developing its portfolio of assets, including the high-grade, past-producing Lucero project in Arequipa, Peru, and properties along the Battle Mountain Trend in Nevada. The Company also holds an option to acquire the Dale Property in Ontario and is advancing the plan of arrangement spin-out process for its majority owned subsidiary, Synergy Metals Corp.

For further details on this announcement and the Company's projects, please visit www.element79.gold

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Cautionary Note Regarding Forward Looking Statements

This press contains "forward-looking information" and "forward-looking statements" under applicable securities laws (collectively, "forward-looking statements"). These statements relate to future events or the Company's future performance, business prospects or opportunities that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management made considering management's experience and perception of historical trends, current conditions and expected future developments. Forward-looking statements include, but are not limited to, statements with respect to: the completion of the Spin-Out Arrangement, the completion of the Amalgamation, the completion of the Concurrent Financing, the Company's business strategy; future planning processes; exploration activities; the timing and result of exploration activities; capital projects and exploration activities and the possible results thereof; acquisition opportunities; and the impact of acquisitions, if any, on the Company.

Assumptions may prove to be incorrect and actual results may differ materially from those anticipated. Consequently, forward-looking statements cannot be guaranteed. As such, investors are cautioned not to place undue reliance upon forward-looking statements as there can be no assurance that the plans, assumptions or expectations upon which they are placed will occur. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "target", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". \

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