

Smithe Resources Corp. Announces Qualifying Transaction with TGC Gold Corp.

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[Smithe Resources Corp.](#) (TSXV: SMTH.P) ("Smithe" or the "Company") is pleased to announce that the Company has entered into a securities exchange agreement with TGC Gold Corp. ("TGC") and the securityholders of TGC (the "TGC Securityholders") dated February 19, 2025 (the "Definitive Agreement"). The Definitive Agreement is in respect of a business combination transaction pursuant to which Smithe will acquire all of the issued and outstanding securities of TGC (the "Transaction").

It is anticipated that the Transaction will constitute the qualifying transaction of Smithe in accordance with Policy 2.4 - Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the "TSXV"). The Company following the completion of the Transaction is referred to as the "Resulting Issuer".

All currency references herein are in Canadian currency unless otherwise noted.

Summary of Transaction

The Transaction will be effected by way of a securities exchange among the Company, TGC and the TGC Securityholders. Pursuant to the Definitive Agreement, the holders of the 19,600,000 issued and outstanding common shares of TGC (the "TGC Shares") will receive one (1) common share in the capital of Smithe (each, a "Smithe Share") for each TGC Share held, which will represent approximately 72.59% of the outstanding Smithe Shares upon closing of the Transaction, not including Smithe Shares to be issued pursuant to the Concurrent Financing (as defined below) or the Finder's Fee (as defined below).

It is anticipated that the Resulting Issuer will continue the business of TGC under the name "Toogood Gold Corp." (the "Name Change"). The business of the Resulting Issuer will be primarily focused on the exploration of the Toogood Gold Project (as defined below).

Certain Smithe Shares to be issued pursuant to the Transaction are expected to be subject to restrictions on resale or escrow under the policies of the TSXV, including the securities to be issued to Principals (as defined under the TSXV policies), which will be subject to the escrow requirements of the TSXV.

In conjunction with closing of the Transaction, the Company will also pay a finder's fee of 1,375,000 Smithe Shares to an arm's length finder (the "Finder's Fee").

The completion of the Transaction is subject to a number of terms and conditions, including without limitation, the following: there being no material adverse changes in respect of either Smithe or TGC; the parties obtaining all necessary consents, orders, regulatory and shareholder approvals, including the conditional approval of the TSXV; completion of the Name Change; completion of the Concurrent Financing; completion of a technical report for the Toogood Gold Project prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"); and other standard conditions of closing for a transaction in the nature of the Transaction.

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV.

About TGC Gold Corp.

TGC is a private mining company incorporated under the laws of British Columbia with its head office in British Columbia. Pursuant to an option agreement (the "Option Agreement") with Prospector Metals Corp. ("Prospector"), TGC holds the right to acquire a 100% interest in 16 mineral licenses, comprising 481 claims, located in the Province of Newfoundland and Labrador, known as the Toogood Gold Project (the "Toogood Gold Project").

The Toogood Gold Project

Project Highlights

- District scale and highly underexplored land package covering 118 sq-km and 28 km of strike length along a regional structural corridor that has proven to be prospective for gold deposits;
- Includes the drill-confirmed high-grade Quinlan Zone ("Quinlan"):
 - Prospector completed a maiden drill program in 2022 which consisted of 26 HQ-size (63.5 mm core diameter) diamond drillholes with assay results that included: 23.90 g/t Au over 3.65 m, 18.27 g/t Au over 4.25 m and 9.40 g/t over 3.18 m (see Prospector news release dated August 22, 2022 and August 25, 2022 for more information)
 - High-grade gold mineralization is hosted within a felsic dyke and has been confirmed for 200 m along strike, 120 m down-dip
 - Mineralization at Quinlan comes right to surface and remains open in all directions;
- Excellent access property wide via multiple paved highways and roads, and fully permitted for drilling;
- Numerous additional undrilled targets with visible gold identified across the property.

Project Overview

The Toogood Gold Project is located within the coastal New World Island, in the Canadian province of Newfoundland and Labrador, in northeast Newfoundland's Notre Dame Bay, approximately 90 km north of the Town of Gander, NL. The property is road accessible and lies at the northeast extent of the Exploits Subzone, a major structural corridor in central Newfoundland.

The Exploits Subzone trends 200 km northeast-southwest across the island of Newfoundland, and hosts many of the significant gold deposits in the province, including the Valentine Lake Project. The Valentine Lake Project has current estimated proven and probable mineral reserves of 2.7 Moz (51.6 Mt at 1.62 g/t Au), a mineral resource estimate for total measured and indicated mineral resources (inclusive of the mineral reserves) of 3.96 Moz (64.62 Mt at 1.90 g/t Au) and additional inferred mineral resources of 1.10 Moz (20.75 Mt at 1.65 g/t Au) (see "Valentine Gold Project NI 43-101 Technical Report and Feasibility Study" dated effective November 30, 2022 by James Powers et al.). The Valentine Lake Project was acquired by Calibre Mining for \$350M in 2023. Readers are cautioned that the resource and reserve estimates relating to the Valentine Lake Project do not extend to the Toogood Gold Project. Neither Smithe or TGC has independently verified the information with respect to the Valentine Lake Project provided in this news release and it is not necessarily indicative of the mineralization on the Toogood Gold Project. Additional information regarding the key assumptions, parameters and methods used to prepare the estimates on the Valentine Lake Project are described in Calibre Mining Corp.'s Annual Information Form for the year ended December 31, 2023, available on SEDAR+ at www.sedarplus.ca.

Gold mineralization at Toogood is hosted by a suite of Devonian felsic dykes which crosscut the property, emplaced in the latter stages of a complex tectonic history. Gold mineralization is associated with arsenopyrite, pyrite, trace chalcopyrite, and fine-grained native gold and is concentrated along brittle fault intersections.

Numerous high-grade gold occurrences have been identified on the property, with the Quinlan Prospect being the most advanced. Drilling at Quinlan conducted by Prospector in 2022 (857 m of 2,065 m total) confirmed the presence of high-grade in situ gold, and demonstrated a remarkable consistency in dip, thickness and continuity of the gold-bearing dyke. Auriferous mineralization at Quinlan has been confirmed along 200 m of strike and 120 m down-dip and remains open in all directions.

The Company and TGC are in the process of preparing a technical report in respect of the Toogood Gold Project in accordance with NI 43-101 (the "Technical Report"), which will be available on the Company's profile on SEDAR+ at www.sedarplus.ca.

The scientific and technical information contained in this news release about the Toogood Gold Project has been reviewed and approved by Jo Price, who is a "Qualified Person" as defined in NI 43-101 (the "Author").

Terms of the Option Agreement for the Toogood Gold Project

Pursuant to the terms and conditions of the Option Agreement, TGC may exercise its option (the "Property Option") to acquire a 100% interest in the Toogood Gold Project by:

- paying Prospector a cash payment of \$25,000 (already completed);
- issuing the following share payments to Prospector:

-- upon completion of the Transaction, a number of common shares of the Resulting Issuer ("Resulting Issuer Shares") equal to the greater of (a) 7.5% of the issued and outstanding Resulting Issuer Shares, on a non-diluted basis, and (b) Resulting Issuer Shares with a value of \$500,000, calculated based on the price per Resulting Issuer Share paid in the Concurrent Financing;

-- within 24 months of completion of the Transaction, Resulting Issuer Shares with an value of \$100,000, calculated based on the 20 day volume weighted average trading price of the Resulting Issuer Shares at the time of issuance; and

-- within 48 months of completion of the Transaction, Resulting Issuer Shares with a value of \$300,000, calculated based on the 20 day volume weighted average trading price of the Resulting Issuer Shares at the time of issuance.

- incurring an aggregate of \$6,000,000 in exploration expenditures as follows:

-- \$1,500,000 of exploration expenditures within 24 months of the completion of the Transaction, of which at least \$50,000 must be incurred in 2024 (already completed) and at least \$100,000 must be incurred in 2025;

-- an additional \$1,000,000 of exploration expenditures within 48 months of the completion of the Transaction; and

-- an additional \$3,500,000 of exploration expenditures within 60 months of the completion of the Transaction.

- within fifteen (15) days of the completion of the above noted cash payment, share payments and exploration expenditures, entering into formal assignment agreements, assuming the continuing rights, obligations, and liabilities of Prospector regarding royalty payments, milestone payments and net smelter royalties payable on the Toogood Gold Project.

Concurrent Financing

In connection with the Transaction, Smithe expects to complete a non-brokered concurrent financing (the "Concurrent Financing") of flow-through subscription receipts (the "FT Subscription Receipts") and non-flow-through subscription receipts (the "Non-FT Subscription Receipts"). Each FT Subscription Receipt issued under the Concurrent Financing will be automatically exchanged into one flow-through share (a "FT Share") of the Resulting Issuer, and each Non-FT Subscription Receipt issued under the Concurrent Financing will be automatically exchanged into one Resulting Issuer Share, in each case without further payment or action on the part of the holder, upon satisfaction of certain escrow release conditions (the "Release Conditions"), which will include the satisfaction of all conditions precedent to the Transaction. Each FT Share will, for the purposes of the Income Tax Act (Canada), be designated as a "flow-through-share". Finder's fees may be payable to arm's length registered dealers and other permitted individuals in connection with the Concurrent Financing.

The proceeds of the Concurrent Financing will be used to finance: (i) the exploration and other expenses relating to the Toogood Gold Project, (ii) the expenses of the Transaction and the Concurrent Financing, and (iii) the working capital requirements of the Resulting Issuer.

The Concurrent Financing will be priced in the context of the market and a further press release will be issued disclosing additional terms of the Concurrent Financing once finalized.

Summary of proposed directors and officers of the Resulting Issuer

In connection with the Transaction, certain existing directors and officers of Smithe will resign and the Board of Directors and management of the Resulting Issuer will be reconstituted to include the following individuals:

Colin Smith, CEO & Director (British Columbia, Canada)

Mr. Smith, M.Sc., P.Geo., is a professional geologist and mining executive with over 20 years' experience advancing exploration and mining projects in North and South America, ranging from greenfields project generation to M&A takeover. Colin has garnered a technical expertise in epithermal and mesothermal Au, porphyry Cu-Au, ultramafic-associated PGMs, unconformity-related uranium, diamonds, and coal. Mr. Smith's recent roles include Sr. Exploration Geologist at SSR Mining Inc., VP Exploration of Discovery Group's ValOre Metals Corp., and CEO of Gold Basin Resource Corp. Colin designed and implemented district wide exploration for Claude Resources Inc. at the Seabee Gold Operation in northern Saskatchewan when it was acquired by SSR Mining Inc. in 2016.

Jo Price, VP Exploration (British Columbia, Canada)

Ms. Price, M.Sc., MBA, P.Geo., has 20+ years of experience as an exploration geologist and project manager. She has worked on multiple gold, poly-metallic, and graphite projects in the USA, Australia, and Canada. During her career, Jo has managed multi-million-dollar exploration programs overseeing technical

direction, budgets, and operations. She has extensive experience in field operations, drill programs, technical database administration, land management, community relations, and exploration permitting in multiple jurisdictions.

Matthew Roma, Director (British Columbia, Canada)

Mr. Roma is a Chartered Professional Accountant (CPA) since May 2017 and is the Chief Executive Officer of RW Global Consulting Corp., a private company providing corporate finance, accounting, and capital advisory services to private and public companies. In this role, Mr. Roma serves as a director and/or officer to a number of junior public companies in the natural resource sector. Mr. Roma articulated at Deloitte LLP where he specialized in assurance and advisory services for publicly listed mining companies based both in Canada and the United States.

Darren Devine, Director (British Columbia, Canada)

Mr. Devine is a principal of CDM Capital Partners, a firm that provides corporate finance advisory services to private and public companies. Mr. Devine also acts as a director and/or officer to a number of junior public companies in the natural resource and technology sectors. Mr. Devine is qualified as a barrister and solicitor in British Columbia and in England & Wales and prior to founding CDM Capital Partners, practiced exclusively in the areas of corporate finance and securities law.

Cheryll Lingal, CFO and Corporate Secretary (British Columbia, Canada)

Ms. Lingal is a Chartered Professional Accountant (CPA) and is a Senior Director of RW Global Consulting Corp., a private company providing corporate finance, accounting, and capital advisory services to private and public companies. Ms. Lingal is currently the Chief Financial Officer of Zincore Metals Inc.

Other Information

Sponsorship of the Transaction is required by the TSXV unless exempt or waived in accordance with TSXV policies. Smithe expects an exemption from sponsorship to be available, or otherwise intends to apply for a waiver from the sponsorship requirements pursuant to the policies of the TSXV, however, there is no assurance that an exemption or waiver will be available. Smithe intends to include any additional information regarding sponsorship in a subsequent press release, if required.

In connection with the Transaction and pursuant to the requirements of the TSXV, Smithe will file a filing statement on its issuer profile on SEDAR+ (www.sedarplus.ca), which will contain details regarding the Transaction, Smithe, TGC and the Resulting Issuer.

The Smithe Shares are currently halted from trading, and the trading of the Smithe Shares is expected to remain halted pending completion of the Transaction.

The Transaction will not constitute a non-arm's-length qualifying transaction (as such term is defined in the policies of the TSXV) for Smithe. Accordingly, the Transaction will not require the approval of the shareholders of Smithe.

Additional information concerning the Transaction, including information relating to the Concurrent Financing, the Resulting Issuer Board of Directors and management, and financial information relating to TGC and the Toogood Gold Project, will be provided once available in a subsequent news release, which will be available in due course under Smithe's SEDAR+ profile.

About Smithe Resources Corp.

Smithe is designated as a capital pool company under TSXV Policy 2.4. Smithe has not commenced commercial operations and has no assets other than cash. Smithe's objective is to identify and evaluate businesses or assets with a view to completing a qualifying transaction. Any proposed qualifying transaction must be approved by the TSXV and, in the case of a non-arm's-length qualifying transaction, must also receive majority approval of the minority shareholders. Until the completion of a qualifying transaction, Smithe will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a proposed qualifying transaction.

For further information regarding Smithe and the Transaction, please contact Andrew Lau, Chief Executive Officer of Smithe, at (604) 722-9633.

For further information regarding TGC and the Transaction, please contact Cheryll Lingall, Director of TGC,

at 604-209-8643.

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.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV Requirements, majority of the minority 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 a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release.

All information contained in this news release with respect to Smithe and TGC was supplied by the parties, respectively, for inclusion herein, and Smithe and its respective directors and officers have relied on TGC for any information concerning such party.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not 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 offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities 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 acts, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information in this press release may include, without limitation, statements relating to: the completion of the Transaction, the proposed business of the Resulting Issuer, the completion of the Concurrent Financing, satisfying terms of the Option Agreement and acquiring a 100% interest in the Toogood Gold Project, the exploration plans and strategy of the Resulting Issuer, the proposed directors and officers of the Resulting Issuer, the completion of the Name Change, the estimated capitalization of the Resulting Issuer, TSXV sponsorship requirements and the application for exemption therefrom, shareholder and regulatory approvals, the filing of a filing statement on SEDAR+, the resumption of trading of Resulting Issuer Shares and future press releases and disclosure.

These statements are based upon assumptions that are subject to significant risks and uncertainties, including transaction and financing risks, mineral exploration risks, and volatility in financial markets and economic conditions and commodities prices. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance of each of Smithe and TGC may differ materially from those anticipated and indicated by these forward-looking statements. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although each of Smithe and TGC believes that the expectations reflected in forward looking statements are reasonable, they can give no assurances that the expectations of any forward-looking statements will prove to be correct. Except as required by law, each of Smithe and TGC disclaims any intention and assume no obligation to update or revise any forward-looking statements to reflect actual results.

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