

Gowest Announces Up to \$19 Million Investment by Greenwater Investment Hong Kong Limited

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TORONTO, Jan. 24, 2022 - [Gowest Gold Ltd.](#) ("Gowest" or the "Corporation") (TSX VENTURE: GWA) announced today that Greenwater Investment Hong Kong Limited ("Greenwater") has agreed to purchase from Gowest, on a private placement basis, pursuant to a subscription agreement between the parties dated January 24, 2022:

1. promissory notes in an aggregate principal amount of \$7,500,000 (the "Promissory Notes"), for an aggregate purchase price of \$7,500,000 (the "Promissory Note Offering"), which shall be convertible, subject to the receipt of requisite shareholder approval, into Units (as defined below); and,
2. subject to the receipt of requisite shareholder approval, up to an aggregate of 88,461,358 units of the Corporation (the "Units"), at an issue price of \$0.13 per Unit (the "Issue Price"), for an aggregate purchase price of up to \$11,500,000 (the "Unit Offering" and, together with the Promissory Note Offering, the "Offering").

Assuming the completion of the Offering in full, the Corporation will raise aggregate gross proceeds of \$19,000,000. Additional funds may be raised subsequently through the exercise of the Warrants issued pursuant to the Offering.

C. Fraser Elliott, Gowest Chairman, stated, "Our approval of this financing transaction follows an exhaustive search and evaluation of potential sources of capital undertaken by our management team and board of directors over the past several months. This transaction will provide us the opportunity to restart operations at Bradshaw and advance our ambitious development plans for the project for the benefit of all of our stakeholders."

Dan Gagnon, President and Chief Executive Officer of Gowest, added, "Today's announcement is great news for Gowest and its shareholders. This investment will enable Gowest to restart mining activities at Bradshaw and continue to move towards production. We anticipate this year will be important for our growth, as we also plan to expand our geological resources and reserves through additional exploration. We appreciate Greenwater's significant investment and continued commitment to our efforts to restart our operations at Bradshaw and to accelerate its further development and expansion."

All dollar amounts referred to in this press release are in Canadian Dollars, except where expressly indicated otherwise.

The conversion of the Promissory Notes and the completion of the Unit Offering is conditional upon the receipt of Shareholder Approval, as defined and described in detail below under the heading "Minority Approval of Offering."

Details of the Offering

In connection with the Offering, the Corporation has received, and accepted, an irrevocable subscription from Greenwater for the purchase from Gowest of: (i) the Promissory Notes pursuant to the Promissory Note Offering; and (ii) the Units pursuant to the Unit Offering.

The issuance and sale of the Promissory Notes pursuant to the Promissory Note Offering will be completed in one or more tranches to be completed on or prior to March 10, 2022. Unless the Promissory Notes are

converted into Units prior to maturity (as described below), the outstanding principal balance under the Promissory Notes, together with accrued and unpaid interest thereon, will be due and payable on July 31, 2022. Interest on the daily outstanding principal balance, from time to time, shall accrue daily, commencing on the date of issuance, and shall be calculated and payable on the earlier of the conversion date or on maturity, in arrears, at the rate of 10% per annum.

The completion of the Unit Offering is conditional upon the receipt of Shareholder Approval. Upon receipt of Shareholder Approval, it is anticipated that the Unit Offering will close in multiple tranches. The first tranche of the Unit Offering, in the amount of \$3,500,000, will be completed within five business days following the receipt of Shareholder Approval. The balance of the Units, in an aggregate amount of \$8,000,000, will be issued within a period of three months following the receipt of Shareholder Approval.

Each Unit issuable pursuant to the Offering will comprise one common share of the Corporation and one common share purchase warrant (a "Warrant"), with each Warrant being exercisable to purchase one additional common share of the Corporation for a period of two years following the receipt of Shareholder Approval, at a price of \$0.16 per Unit during the first 12-month period following the receipt of Shareholder Approval and at a price of \$0.17 per Unit during the second 12-month period following the receipt of Shareholder Approval.

Pursuant to the terms and conditions attached to the Promissory Notes, the outstanding principal balance thereunder will be automatically converted into Units following the receipt of Shareholder Approval at a conversion price per Unit equal to the Issue Price. The conversion date shall occur within five business days following the receipt of Shareholder Approval. In the event that Shareholder Approval is not obtained, the Promissory Notes will not convert to Units and will remain outstanding according to their terms (and the outstanding principal balance and accrued interest thereon shall be due and payable on July 31, 2022).

The completion of the Offering remains subject to TSXV approval. The issuance of Units pursuant to each tranche of the Unit Offering (including the pricing of such Units) may be subject to separate review and approval by the TSXV at the relevant time of such issuance, in accordance with the applicable policies of the TSXV. In the event that the Issue Price in respect of any tranche of the Unit Offering is not permitted pursuant to the applicable policies of the TSXV, the Issue Price of the affected Units shall be adjusted upwards to an amount per Unit equal to the then applicable "Market Price" (as such term is defined in TSXV Policy 1.1 - *Interpretation*) (the "Revised Issue Price"), up to a maximum of \$0.16 per Unit, and Greenwater shall be obligated to complete such tranche at the Revised Issue Price. In the case of any such adjustment, the exercise price of the Warrants partially comprising such Units shall also be adjusted upwards, and each such Warrant shall be exercisable to purchase one common share at a price equal to 120% of the Revised Issue Price during the balance of the first twelve (12) month period following the receipt of Shareholder Approval and at a price of 130% of the Revised Issue Price during the second twelve (12) month period following the receipt of Shareholder Approval. Greenwater may, but shall be under no obligation to, purchase Units pursuant to the Unit Offering at an issue price that is greater than \$0.16.

Greenwater is an investment company incorporated under the laws of Hong Kong, with its head office located in Wan Chai, Hong Kong.

As of the date hereof, Greenwater holds 25,140,774 common shares, representing approximately 16.14% of the outstanding common shares of the Corporation. Greenwater is also a creditor of the Corporation pursuant to a credit agreement dated October 16, 2019, as amended July 22, 2021.

Assuming the conversion of the Promissory Notes into Units and the completion of the Unit Offering (and assuming no further issuances of common shares by the Corporation), Greenwater will hold 171,294,619 common shares representing approximately 56.73% of the outstanding common shares of the Corporation. Assuming the full exercise of all Warrants issuable pursuant to the Offering, Greenwater will hold 317,448,464 common shares representing approximately 70.85% of the outstanding common shares of the Corporation. There can be no guarantee that any of the Warrants will be exercised.

There are no material conditions to the closing of the Offering, other than: (i) the receipt of required Shareholder Approval; and (ii) the receipt of required regulatory approvals, including the approval of the TSXV.

The terms and conditions presented to the Corporation by Greenwater pursuant to the Offering have been

determined by the board of directors of Gowest (the "Board") to be reasonable in the circumstances of the Corporation; in particular having regard to the current challenging financial and operational circumstances affecting the Corporation and the difficult market conditions affecting junior mining issuers generally. No alternative commercially reasonable financing options of the magnitude of the Offering were identified by the Corporation. In the opinion of management and the Board, the Offering represents the best financing option available to the Corporation at this time.

After consideration of all relevant circumstances, the Board has approved the Offering and has determined that the Offering is in the best interests of the Corporation. Mr. Meirong Yuan, a director of the Corporation, is also a director of Greenwater and abstained from voting in respect of the Offering.

Among other factors considered by the Board in approving the Offering: (i) the Offering will be significant enough to allow the Corporation to resume operations at Bradshaw; (ii) the Offering presents lower-execution risk given Greenwater's familiarity with the Corporation and its operations and no further due diligence is required to be conducted by Greenwater prior to closing of the Offering; (iii) the investment by Greenwater may assist the Corporation in its efforts to raise additional funds, including by way of additional "flow-through" investment in the Corporation; (iv) current shareholders will continue to participate in any future appreciation in the value of the common shares of the Corporation; and (v) the significant investment by Greenwater demonstrates a long-term commitment to the Corporation and to bringing Bradshaw into commercial production.

The proceeds of the Offering will be principally used by the Corporation for the continued development of Bradshaw.

All of the securities issuable in connection with the Offering will be subject to a hold period expiring four months and one day after date of issuance.

The securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This release does not constitute an offer for sale of securities in the United States.

Completion of the Offering remains subject to receipt of approval from the TSXV.

Minority Approval of Offering

The conversion of the Promissory Notes into Units and the completion of the Unit Offering is subject to requisite shareholder approval ("Shareholder Approval") pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and the applicable policies of the TSXV.

By virtue of the fact that Greenwater holds ownership of greater than 10% of the outstanding common shares of the Corporation and, therefore, is a "related party" of the Corporation, the Offering will constitute a "related party transaction" of the Corporation under MI 61-101. As such, the Offering is subject to the minority approval requirement of MI 61-101 and will require the approval of shareholders of the Corporation, excluding Greenwater (and any related parties of Greenwater), for the conversion of the Promissory Notes into Units and the completion of the Unit Offering. The Offering is exempt from the formal valuation requirement of MI 61-101 by virtue of the exemption contained in Section 5.5(b) of MI 61-101, as the Corporation is listed only on the TSXV.

Further, given that Greenwater will hold greater than 20% of the outstanding common shares of the Corporation following the conversion of the Promissory Notes into Units and the completion of the Unit Offering, the Offering is subject to the approval of shareholders of the Corporation, excluding Greenwater (and any related parties of Greenwater), pursuant to the applicable policies of the TSXV.

The Corporation intends to call a special meeting of shareholders of the Corporation (the "Meeting") as soon as possible for the purpose of obtaining Shareholder Approval. The Board recommends that shareholders

vote in favour of the Offering.

Further information regarding the Offering will be contained in the management information circular to be prepared in respect of the Meeting. The management information circular will be filed under the Corporation's profile on SEDAR (www.sedar.com) at the time that it is mailed to shareholders. All shareholders are urged to read the management information circular once it becomes available, as it will contain additional important information concerning the Offering.

The initial issuance and sale of the Promissory Notes pursuant to the Promissory Note Offering is exempt from the formal valuation requirement of MI 61-101 by virtue of the exemption contained in Section 5.5(b) of MI 61-101, as the Corporation is listed only on the TSXV, and is exempt from the minority approval requirement of MI 61-101, by virtue of the exemption contained in Section 5.7(f) of MI 61-101, as the loan evidenced by the Promissory Notes has been obtained on reasonable commercial terms that are not less advantageous to the Corporation than if the loan facility were obtained from a person dealing at arm's length with the Corporation, and the loan is not convertible into common shares unless and until Shareholder Approval is obtained. As described above, if Shareholder Approval is not obtained, the Promissory Notes will not convert to Units and will remain outstanding according to their terms.

About Gowest

Gowest is a Canadian gold exploration and development company focused on the delineation and development of its 100% owned Bradshaw Gold Deposit (Bradshaw) on the Frankfield Property, part of the Corporation's North Timmins Gold Project (NTGP). Gowest is exploring additional gold targets on its +100 square kilometre NTGP land package and continues to evaluate the area, which is part of the prolific Timmins, Ontario gold camp. Currently, Bradshaw contains a National Instrument 43-101 Indicated Resource estimated at 2.1 million tonnes ("t") grading 6.19 grams per tonne gold (g/t Au) containing 422 thousand ounces (oz) Au and an Inferred Resource of 3.6 million t grading 6.47 g/t Au containing 755 thousand oz Au. Further, based on the Pre-Feasibility Study produced by Stantec Mining and announced on June 9, 2015, Bradshaw contains Mineral Reserves (Mineral Resources are inclusive of Mineral Reserves) in the probable category, using a 3 g/t Au cut-off and utilizing a gold price of US\$1,200 / oz, totaling 1.8 million t grading 4.82 g/t Au for 277 thousand oz Au.

Forward-Looking Statements

Certain statements in this release constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements in this press release include, without limitation, statements relating to: the Offering; the proposed use of proceeds of the Offering; the ability of the parties, in particular the Corporation, to satisfy the conditions precedent to the closing of the Offering; the requirement to obtain regulatory approvals, including the approval of the TSXV; the mailing of the management information circular in connection with the Meeting and anticipated timing thereof; and the anticipated timing of the completion of the Offering. Words such as "may", "would", "could", "should", "will", "anticipate", "believe", "plan", "expect", "intend", "potential" and similar expressions may be used to identify these forward-looking statements although not all forward-looking statements contain such words.

Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including risks associated with the Offering and financing transactions generally, such as the failure to satisfy the closing conditions contained in the subscription agreement, the absence of material adverse changes or other events which may give Greenwater the basis on which to terminate the subscription agreement, and the ability of the Corporation to complete and mail the information circular in respect of the Meeting and hold the Meeting within the time frames indicated. Additional risk factors are also set forth in the Corporation's management's discussion and analysis and other filings available via the System for Electronic Document Analysis and Retrieval (SEDAR) under the Corporation's profile at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by this press release. These factors should be considered carefully and reader should not place undue reliance on the forward-looking statements. These forward-looking statements are made as of the date of this press release and, other than as required by law, the Corporation does not intend to or assume any obligation to update or revise these forward-looking statements, whether as a result of new information,

future events or otherwise.

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For further information please contact:

Dan Gagnon
President & CEO

Tel: (416) 363-1210

Email: info@gowestgold.com

Greg Taylor

Investor Relations

Tel: (416) 605-5120

Email: gregt@gowestgold.com

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