

# Pinecrest Resources Signs Letter of Intent for Strategic Alliance With Sandstorm Gold and Increases Non-Brokered Private Placement to \$3.6 Million

16.07.2014 | [Marketwired](#)

VANCOUVER, July 16, 2014 - Mr. Edward Farrauto, CEO of [Pinecrest Resources Ltd.](#) (TSX VENTURE:PCR) ("Pinecrest" or the "Company") is pleased to announce that further to the Company's press releases dated May 21 and May 29, 2014, the Company and [Sandstorm Gold Ltd.](#) ("Sandstorm") (TSX:SSL)(NYSE MKT:SAND) have signed a non-binding letter of intent (the "Sandstorm LOI") dated July 14, 2014 which sets out the proposed terms and conditions of an intended strategic alliance (the "Strategic Alliance") between the corporations, which is subject to Pinecrest's indirect acquisition (the "Acquisition") of a 100% legal and beneficial interest (representing a 90% interest after taking into account the 10% interest held by the Government of Ghana) in the Enchi gold property (the "Enchi Project"), located in Ghana, West Africa. The Enchi Project is currently the subject of a joint venture between Red Back Mining Ghana Limited ("Red Back") (49% interest), a wholly-owned subsidiary of [Kinross Gold Corporation](#) (TSX:K) (NYSE:KGC) and [Edgewater Exploration Ltd.](#) ("Edgewater") (TSX VENTURE:EDW) (51% interest). Pinecrest has entered into non-binding letters of intent with both Red Back and Edgewater to acquire the Enchi Project, and is currently negotiating the terms of definitive agreements with each corporation, respectively.

## Proposed Sandstorm Strategic Alliance

Under the terms of the Strategic Alliance it is proposed that:

- Sandstorm will subscribe for Cdn\$2,000,000 of units in a non-brokered private placement of Pinecrest, on the terms set out below. It is estimated that on completion of the private placement Sandstorm will hold approximately 18% of the post-consolidation common shares of Pinecrest following completion of the consolidation of the share capital of Pinecrest, the private placement and the Acquisition.
- Upon completion of the Acquisition, Red Back will retain a 2% net smelter return royalty (the "Royalty") on production from the Enchi Project. Pinecrest will indirectly have the right at any time to buy back (the "Royalty Buy Back Right") 50% (1%) of the Royalty for US \$3.5 million (with the result that Red Back would hold a 1% net smelter return royalty). Upon completion of the Acquisition, it is intended that the Company will indirectly assign to Sandstorm all of its then right, title and interest and obligations in the Royalty Buy Back Right.
- Upon completion of the Acquisition, it is intended that Pinecrest will grant to Sandstorm a right of first refusal for a defined period of time to provide metal stream financing sought by Pinecrest with respect to gold produced from the Enchi Project, upon industry standard terms for such financings.

The closing of the transactions contemplated by the Sandstorm LOI are subject to a number of conditions, including but not limited to the completion of the Acquisition, the execution of definitive agreements with respect to the Strategic Alliance; normal conditions precedent for transactions such as these, including the completion of satisfactory due diligence by both parties, the acceptance of the Exchange, the completion of a consolidation of the common shares of Pinecrest, the completion by Pinecrest of a financing to raise a minimum of Cdn\$3,000,000. There can be no assurance that the transactions contemplated by the Strategic Alliance will be completed as proposed or at all.

## Increase in Non-Brokered Private Placement

As a result of the proposed Strategic Alliance, Pinecrest is also pleased to announce, subject to the acceptance of the TSX Venture Exchange, an increase in the private placement previously announced on May 29, 2014 from 15,000,000 units to up to 18,000,000 units for increased gross proceeds of up to Cdn\$3,600,000 on the terms previously announced.

Each Unit will consist of one common share in the capital of the Company and one common share purchase

warrant (each a "Warrant"). Each Warrant will entitle the holder to acquire an additional common share of the Company for Cdn\$0.30 for a period of 24 months from the closing date.

The Private Placement will be conducted in reliance upon British Columbia Instrument 45-534 (the "Instrument") which permits an issuer to distribute securities to its existing shareholders, subject to the terms and conditions of the Instrument. The Company has set May 28, 2014 as the record date for the purpose of determining existing shareholders of the Company who are entitled to purchase Units under the Private Placement. This exemption is not available to shareholders resident in Ontario or Newfoundland, or certain jurisdictions outside of Canada. The Company may combine the offering under the Instrument with sales pursuant to other available prospectus exemptions, including sales to accredited investors.

The Company may accept qualifying subscriptions of up to Cdn\$15,000 from existing shareholders under the Instrument, and urges interested investors to contact the Company. In the event that subscriptions received exceed Cdn\$3,600,000, Units will be allocated pro-rata among all subscribers. The Offering is subject to a minimum of Cdn\$3,000,000.

As previously announced on May 22, 2014, the completion of the Private Placement is subject to certain conditions including, the prior completion of the consolidation (the "Consolidation") of Pinecrest's share capital on a 4:1 basis, meaning four pre-consolidated shares for one post-consolidated share, and the concurrent completion of the Acquisition.

The Company intends to use the net proceeds of the Private Placement (net of transaction costs) to advance the Enchi Project by expending an aggregate of Cdn\$550,000 on a phase 1 work program which is expected to include a metallurgical test program, a preliminary economic assessment and a geotechnical assessment, Cdn\$277,000 for operations in Ghana, Cdn\$530,000 for general and administrative purposes with the balance of to be used for general working capital purposes, which will be Cdn\$1,714,120 if the Private Placement is fully subscribed and Cdn\$1,150,120 if the minimum of Cdn\$3,000,000 is raised.

The Company will pay to arm's length finders a finder's fee of 6.0% of the gross proceeds raised under the Private Placement in cash or at the election of the finder in common shares of Pinecrest, and will issue to the finders such number of common share purchase warrants as is equal to 6.0% of the number of Units sold under the Private Placement exercisable for a period of 24 months from the closing of the Private Placement at an exercise price of Cdn\$0.20 per share.

All securities issued in connection with the Private Placement will be subject to a statutory hold period of four months plus one day from the closing date of the Private Placement. The Private Placement is subject to Exchange acceptance.

The offer and sale of the securities offered in the Private Placement has not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and such securities may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

### **Post-Transaction Capital Structure**

On completion of the Consolidation, the Private Placement and the closing of the Acquisition, Pinecrest will have approximately 54,888,887 common shares issued and outstanding and 78,631,387 shares common on a fully diluted basis. The proposed equity ownership of the Company is anticipated to be as outlined below:

Holder	Percentage Ownership
Red Back	19.90%
Edgewater	36.83%*
Original Pinecrest shareholders	10.48%
New Capital (Private Placement):	
Sandstorm Gold	18.22%
Other subscribers	14.57%
	100.0%

\* *The Acquisition Shares are to be distributed by Edgewater to its shareholders on a pro-rata basis as soon as reasonably practicable after the closing of the Acquisition.*

### **Update on the Acquisition**

The Company is proceeding to negotiate the terms of the definitive agreements for the Acquisition with Red Back and Edgewater.

The Company anticipates holding an annual and special meeting of its shareholders to approve the share consolidation, the proposed change of control of the Company and normal annual meeting matters during August, 2014.

Further updates on the status of the Acquisition and the Strategic Alliance will be provided by future press releases as matters progress.

#### **About Pinecrest Resources Ltd.**

[Pinecrest Resources Ltd.](#) is a mineral exploration and mine development company focused on creating shareholder value through the development of quality precious metal projects. On completion of the transaction with Edgewater, Red Back and Sandstorm, Pinecrest will be focused on the advancement and development of the Enchi Gold Project in Ghana. Pinecrest has an experienced exploration, mine building and operating team with a proven track record.

#### **About Sandstorm Gold Ltd.**

[Sandstorm Gold Ltd.](#) is a gold streaming company. Sandstorm provides upfront financing to gold mining companies that are looking for capital and in return, receives a gold streaming agreement. This agreement gives Sandstorm the right to purchase a percentage of the gold produced from a mine, for the life of the mine, at a fixed price per ounce. Sandstorm has acquired a portfolio of nine streams and twenty-eight royalties, fourteen of which are producing gold. Sandstorm plans to grow and diversify its low cost production profile through the acquisition of additional gold streams.

On Behalf of the Board of Directors

PINECREST RESOURCES LTD.

Edward Farrauto  
President & CEO, Director

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#### **Cautionary Note Regarding Forward Looking Statements**

*This news release contains certain forward-looking statements, including statements regarding the proposed transactions with Red Back and Edgewater, the proposed Private Placement and Consolidation of the Pinecrest share capital, the proposed Strategic Alliance and the closing of the transactions contemplated thereby, the use of net proceeds of the Private Placement, future plans and objectives of the Company and the business of the Company.*

*Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or does not expect", "is expected", "anticipates" or "does not anticipate" "plans", "estimates" or "intends" or stating that certain actions, events or results " may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to materially differ from those reflected in the forward-looking statements.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/177855--Pinecrest-Resources-Signs-Letter-of-Intent-for-Strategic-Alliance-With-Sandstorm-Gold-and-Increases-Non-Brokered-Offers-to-Buy-Back-Common-Stock>

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