



# NEWFOUNDLAND GOLDBAR RESOURCES ANNOUNCES LETTER OF INTENT FOR REVERSE TAKEOVER TRANSACTION WITH YOUNET

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TORONTO, ONTARIO, CANADA, November 23, 2023 /EINPresswire.com/ -- Newfoundland Goldbar Resources Inc. (the "Company") is pleased to announce that it has entered into a letter of intent dated November 22, 2023 (the "LOI") with 2624465 Ontario Inc., operating as YOUNET ("YOUNET"), a company developing an artificial intelligence ("AI") platform called 'Rabbit AI'. Rabbit AI is being designed to handle tasks normally performed by a personal assistant. Pursuant to the terms of the LOI, the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by YOUNET (the "Transaction"). In connection with the Transaction, the Resulting Issuer (as defined below) will apply to list the common shares of the Resulting Issuer on the Canadian Securities Exchange (the "CSE").

The resulting issuer that will exist upon completion of the Transaction (the "Resulting Issuer") will change its business to the AI industry and is expected to change its name to "YOUNET AI Inc." The final structure of the Transaction will be determined by the parties following receipt of tax, corporate and securities law advice.

In connection with the Transaction, YOUNET intends to complete a private placement of subscription receipts (the "Subscription Receipts") to raise aggregate gross proceeds of \$2,210,000 (the "Offering"). The shareholders of YOUNET (including Subscription Receipt holders) will receive 195,157,037 post-Consolidation (as defined below) common shares of the Resulting Issuer pursuant to the Transaction.

## YOUNET and its Business

YOUNET is a privately held Canadian company developing an AI platform called Rabbit AI. The Rabbit AI Platform is a generative AI-powered digital assistant that can operate around the clock to enhance workplace productivity. The platform allows users to train AI models that are customized to their specific needs through a user-friendly interface, utilizing AI to mimic human-like cognitive functions and a Large Language Model (LLM) for understanding and generating

human language.

## Closing Conditions

The completion of the Transaction is subject to a number of conditions, including but not limited to the following:

- the execution of a definitive agreement;
- completion of satisfactory due diligence;
- completion by the Company of a consolidation of its shares on a 40:1 basis (the "Consolidation");
- a change of name of the Company to "YOUNET AI Inc." or such other name as is directed by YOUNET and acceptable to applicable regulatory authorities effective upon Closing;
- completion of the Offering;
- the election of a new slate of nominee directors appointed by YOUNET to form the new board of directors, which slate will be effective upon closing;
- the conditional approval to the listing of the shares of the Resulting Issuer on the CSE; and
- receipt of all required regulatory, corporate and third party approvals, including approvals by the CSE, applicable governmental authorities, and the fulfilment of all applicable regulatory requirements and conditions necessary to complete the Transaction.

The Transaction is an arm's length transaction. The Company will prepare and file a CSE Form 2A listing statement or other principal disclosure document (the "Listing Statement") with the CSE providing comprehensive disclosure on YOUNET and the Transaction in connection with the proposed CSE listing.

## Management of the Resulting Issuer

Upon closing of the Transaction, all of the Company's current directors and executive officers will resign and be replaced by nominees of YOUNET, all in a manner that complies with the requirements of governing regulatory bodies and applicable securities and corporate laws. Details of insiders and proposed directors and officers of the Resulting Issuer will be disclosed in a further news release.

## Debenture Financing

In advance of the Transaction, the Company will also complete an offering (the "Debenture Offering") of convertible debentures units ("CD Units") pursuant to which it intends to sell up to

\$562,648.36 aggregate principal amount of CD Units for an aggregate purchase price of \$450,118.69 (representing an original issue discount equal to 20% of the purchase price). The Debenture Offering will be comprised of an aggregate of \$562,648.36 principal amount of non-interest bearing secured convertible debentures that will mature two years from issuance (the "Debentures") and an aggregate of 28,132,416 common share purchase warrants (each, a "Warrant").

Subject to the terms and conditions of the certificate representing the Debentures, the principal amount of the Debentures will be convertible, at the option of the holders thereof, into post-Consolidation common shares of the Company ("Shares") at a conversion price of \$0.02, at any time while any portion of the principal amount of the Debenture is outstanding, subject to adjustment as provided in the corresponding Debenture certificates. The Debenture certificates permit the Company to, at any time following the date on which the Company obtained conditional approval for the listing of the Shares for trading on any recognized stock exchange ("Conditional Approval"), to, without penalty or bonus, upon written notice to the holders of the Debentures, to repay or cause the holders of the Debentures to convert all or part of the then outstanding principal amount of the Debentures.

On closing, each investor will also receive Warrants exercisable for that number of post-Consolidation Shares that is equal to the number of post-Consolidation Shares issuable upon conversion of the Debentures. Subject to the terms and conditions of the certificate representing the Warrants, each Warrant will be exercisable by the holder thereof to acquire one (1) post-Consolidation Share (a "Warrant Share") at an exercise price of \$0.025 per Warrant Share for a period of two years from issuance, subject to adjustment as provided in the corresponding Warrant certificates. The Warrant certificates permit the Company to, at any time following Conditional Approval, to, without penalty or bonus, upon written notice to the holders of the Warrants, cause the holders of Warrants to exercise all or part of the Warrants on a cashless basis.

The Company expects the Debenture Offering to be completed in the week of December 4, 2023, and does not intend to issue a press release on the closing date of the Debenture Offering.

The Company intends to use the net proceeds from the Debenture Offering for repayment of debt, working capital and general corporate purposes.

#### MI 61-101 Disclosure

Shimcity Inc., an anticipated participant in the Debenture Offering, is considered a "related party" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") and therefore the Debenture Offering is considered to be a "related party transaction" within the meaning of MI 61-101, and would require the Company to receive minority shareholder approval for, and obtain a formal valuation for the subject matter

of, the transaction in accordance with MI 61-101, prior to the completion of such transaction. However, in completing the Debenture Offering, the Company intends to rely on an exemption from: (x) the formal valuation requirements of MI 61-101, on the basis that the Company is not listed on Specified Markets (as defined in MI 61-101), as determined in accordance with MI 61-101; and (y) the minority shareholder approval requirements of MI 61-101, on the basis that that the Company is in Financial Hardship (as defined in MI 61-101), as determined in accordance with MI 61-101 as (i) the Company is insolvent and in serious financial difficulty, (ii) the Debenture Offering is designed to improve the financial position of the Company, (iii) section 5.5(f) of MI 61-101 does not apply, (iv) the Company has one or more independent directors in respect of the Debenture Offering, (v) the Company's board of directors, acting in good faith, has determined, and the Company's independent directors, acting in good faith, determined that (A) items (i) and (ii) in this paragraph apply, and (B) the terms of the Debenture Offering are reasonable in the circumstances of the Company, and (vi) there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

Further details will be included in a material change report to be filed by the Company. While the Company plans to file a material change report in respect to the Debenture Offering and Shimcity Inc.'s participation in said offering, it does not expect it to be filed more than 21 days before the expected date of closing of the Debenture Offering. In the view of the Company, such shorter period is reasonable and necessary to improve the Company's financial position in a timely manner in the circumstances. Further, Shimcity Inc. has indicated a desire to fund on an expedited basis.

#### Further Information

Further details about the Transaction and the Resulting Issuer will be provided in a comprehensive news release when the parties enter into the definitive agreement.

Investors are cautioned that any information released or received with respect to the Transaction in this press release may not be complete and should not be relied upon. Trading in the common shares of the Company should be considered highly speculative.

The securities to be issued in connection with the Transaction and the Debenture Offering 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 (as defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Completion of the Transaction is subject to a number of conditions, including but not limited to, CSE acceptance, requisite shareholder approvals, and if applicable, disinterested 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 Listing Statement, as applicable, of the Company 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 the Company should be considered highly speculative.

#### About Newfoundland Goldbar Resources Inc.

The Company was previously a mineral exploration company engaged in the acquisition, exploration and development of mineral properties and may remain a resource exploration company or transition into a different sector in the future.

#### About YOUNET

YOUNET's mission is to advance machine intelligence for the positive enhancement of its users work. Evolving from a groundbreaking idea in 2021, YOUNET is committed to automating human tasks through AI. Through innovation, YOUNET is determined to making its users work easier and more efficient. For more information, visit [www.younet.ai](http://www.younet.ai).

#### Cautionary Statements Regarding Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Transaction, the Offering, the Debenture Offering, and associated transactions. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. Statements about, among other things, the expected timing and terms of the Transaction, the Debenture Offering, and the Offering, the number of securities of the Company or the Resulting Issuer that may be issued in connection with the Transaction, the ownership ratio of the Resulting Issuer post-closing, the required shareholder approvals or the ability to obtain such approvals, YOUNET's strategic plans and the parties' ability to satisfy closing conditions and receive necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such

statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. The Company and YOUNET assume no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

For more information, please contact:

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