

# Sinchao Metals and Southern Legacy Minerals Have Received Conditional TSX Venture Exchange Approval to Complete Proposed Business Combination

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TORONTO, ONTARIO -- (Marketwire) -- 06/25/12 -- [Sinchao Metals Corp.](#) ("Sinchao" or the "Company") (TSX VENTURE: SMZ) and [Southern Legacy Minerals Inc.](#) ("Southern Legacy"), a private mineral exploration company organized under the laws of the State of Idaho, are pleased to announce that they have received conditional approval from the TSX Venture Exchange ("TSXV") to complete the previously disclosed proposed transaction to combine Sinchao and Southern Legacy (the "Transaction"). The approval is subject to a number of conditions including, among other things, receipt of applicable shareholder approval, confirmation of adequate public shareholder distribution of Sinchao's common shares and receipt of certain final documentation including a final sponsor report.

As part of the Transaction, the TSXV has conditionally approved (i) Sinchao's offering of C\$7.1 million of subscription receipts ("Subscription Receipts"), completed on May 14, 2012, which are convertible into units of the Resulting Issuer (as defined below) upon the completion of the Transaction, and (ii) the consolidation of Sinchao's common shares on a six to one basis (the "Consolidation"). Upon completion of the Transaction, all outstanding Sinchao options and warrants will additionally be adjusted to reflect the Consolidation.

The Transaction will consolidate a majority of Sinchao's deposit claims, located within the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru, and form a diversified mineral exploration company (the "Resulting Issuer") with base and precious metals properties in Peru, Chile and Colombia. The Transaction will be effected by way of merger pursuant to the Idaho General Business Corporations Act between Southern Legacy and Sinchao Idaho, Inc., a wholly-owned subsidiary of Sinchao. As consideration for the acquisition of Southern Legacy, the shareholders of Southern Legacy will receive 0.8352 of a post Consolidation (as defined below) common share of Sinchao for each one common share of Southern Legacy.

The Transaction will result in the outstanding shares of Southern Legacy being converted into approximately 34,808,598 post-Consolidation shares of the Resulting Issuer, representing approximately 59.9% of the issued and outstanding post-Consolidation shares of the Resulting Issuer on closing of the Transaction (taking into account the Subscription Receipt financing referenced above), and, as such, the Transaction will constitute a Reverse Take-Over of Sinchao within the meaning of the policies of the TSXV.

Following completion of the Transaction, the Resulting Issuer's name will be changed to "Southern Legacy Minerals Inc." and, once trading resumes (anticipated upon closing of the Transaction), the stock will trade on the TSXV under the ticker symbol LCY. The Resulting Issuer will have a board of directors comprised of five members, four being nominees of Southern Legacy and one being a nominee of Sinchao. It is anticipated that management of the Resulting Issuer will be comprised of the existing management of Southern Legacy or their nominees.

Full details of the Transaction have been included in the management information circular (the "Circular") which Sinchao has filed with the regulatory authorities and mailed to its shareholders in connection with a special meeting of the Sinchao shareholders to be held on June 27, 2012 at 10:00 am EST at the Cambridge Suites Hotel, Richmond Room, 2nd Floor, 15 Richmond Street East, Toronto M5C 1N2 to consider, and if deemed advisable, to approve, among other things, the Transaction. All shareholders are urged to read the Circular and attend the special meeting.

The board of directors of Sinchao has determined that the Transaction is in the best interests of Sinchao's shareholders, based on a number of factors, including a fairness opinion received from Sinchao's financial advisor, which provides that the Transaction is fair, from a financial point of view, to Sinchao's shareholders. Each company's board of directors unanimously approved the terms of the proposed Transaction and recommend that their respective shareholders vote in favour of the Transaction.

## ABOUT SINCHAO METALS CORP.

[Sinchao Metals Corp.](#) is a Canadian-based mineral exploration company, publicly traded since 2006, and listed on the TSX Venture Exchange under the symbol SMZ. The Company owns a gold-silver-copper-zinc-lead exploration project in the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru. The Company is a subsidiary of [Andean American Gold Corp.](#), which owns approximately 65.81% of its outstanding shares.

#### **ABOUT SOUTHERN LEGACY MINERALS INC.**

[Southern Legacy Minerals Inc.](#) is a private, Idaho-based mineral exploration company with exploration projects in Chile, Colombia and Peru. Southern Legacy is led by a seasoned management team with extensive mineral exploration and development experience in South America. The principal mineral projects of Southern Legacy include interests in mining concessions contiguous to the Sinchao Project in Peru and the Puchuldiza gold deposit in northern Chile.

For further information about [Sinchao Metals Corp.](#) please visit the Company's website at [www.sinchaometalscorp.com](http://www.sinchaometalscorp.com) or view the Company's documents on SEDAR at [www.sedar.com](http://www.sedar.com).

On behalf of Sinchao Metals Corp.  
David Rae, Chairman and CEO

On behalf of Southern Legacy Minerals Inc.,  
Cesar Lopez, Chairman

#### **CAUTIONARY STATEMENTS:**

*Investors are cautioned that, except as disclosed in the Circular, 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 Sinchao should be considered highly speculative.*

*Completion of the Transaction is subject to a number of conditions, including final TSXV acceptance. Furthermore, 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.*

#### **FORWARD-LOOKING STATEMENTS**

*Certain of the information contained in this news release constitutes 'forward-looking statements' within the meaning of securities laws. Such forward-looking statements, including but not limited to those with respect to the completion of the proposed Transaction involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any forecast results or achievements expressed or implied by such forward-looking statements. Such factors include the satisfaction of the conditions precedent to completion of the Transaction as well as those factors disclosed in the Company's documents filed from time to time with applicable securities regulatory authorities.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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