

# Paramax Resources Ltd. Announces Proposed Transaction and Brokered Private Placement

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[Paramax Resources Ltd.](#) (the "Corporation" or "Paramax") (TSX VENTURE:PXM.H), is pleased to announce that it has entered into a letter of intent dated February 6, 2013, pursuant to which the Corporation, subject to entering into a definitive agreement, has agreed to acquire all of the issued and outstanding common shares of [Mega Graphite Inc.](#) ("Mega Graphite") by way of share exchange, merger, amalgamation, arrangement, or other similar form of transaction (the "Transaction"). The Transaction is an arm's length transaction and will be effected pursuant to a definitive agreement (the "Transaction Agreement").

Paramax is listed on the NEX and currently is not engaged in any active business. Upon completion of the Transaction, the Corporation will continue the business of Mega Graphite, as described below.

## About Mega Graphite

Mega Graphite is a corporation existing under the laws of Ontario incorporated on September 30, 2009. Mega Graphite is a mining exploration company with the following principal properties.

## Bedford and Burgess Graphite Projects

### The Bedford Project (100%):

The Bedford Project Consists of 37 contiguous claims located ~45km north of Kingston, Ontario. Early stage diamond drilling from 18 shallow holes (3,000ft) demonstrate high grade, coarse flake graphite over more than 300m of strike with historic resource of graphitic carbon. The Corporation plans to conduct further exploration of the mineralized horizon to expand resources.

### The Burgess Project (100%):

The Burgess Project Consists of 14 contiguous claims located ~25km northeast of the Bedford Project. The Burgess Project is a historic producer with a non-compliant resource estimates of graphitic carbon. Mega Graphite has completed airborne geophysical surveys over the entire property and plans to conduct further exploration of the mineralized horizon to expand resources.

## The Transaction

There are currently 13,042,543 issued and outstanding common shares of Paramax and 33,687,552 issued and outstanding common shares of Mega Graphite, without giving effect to the Private Placement (as defined below) and the conversion of \$3,000,000 principal amount of debt, plus accrued interest (the "Debt Conversion") by Salida Capital LP, by its general partner, Salida Capital GP Ltd., and related entities. It is anticipated that an additional 133,939,342 common shares of Mega Graphite will be issued in connection with the Debt Conversion. Each current shareholder of Mega Graphite will receive one common share of Paramax for each 12.8523167 common shares of Mega Graphite, which would represent a deemed price per Paramax share of \$0.30.

The Transaction will result in the current shareholders of Paramax and the current shareholders and debt holders of Mega Graphite each holding 50% of the common shares of the Corporation following completion of the Transaction (the "Resulting Issuer"), for a total of 26,085,086 common shares of the Resulting Issuer outstanding, without giving effect to the Private Placement.

The Transaction will result in the listing of the Corporation as a Tier 2 Mining Issuer on the TSX Venture Exchange (the "TSX-V"). The Transaction is an arm's length transaction.

## Brokered Private Placement

Mega Graphite intends to complete a brokered private placement of up to \$1,000,000 of common shares on a flow-through basis (the "Private Placement"). It is contemplated that the common shares issued pursuant to the Private Placement will ultimately be exchange into freely tradeable common shares of the Resulting Issuer upon completion of the Transaction. Proceeds of the Private Placement will be used by the Resulting Issuer for the work program at the Burgess and Bedford properties in 2013 and that will qualify as Canadian exploration expenses and flow-through mining expenditures.

The completion of the Transaction is not conditional on the completion of the Private Placement. The completion of the Private Placement is subject to regulatory approval.

### **Material Conditions Precedent**

The obligations of the Corporation and Mega Graphite to complete the Transaction are subject to entering into a definitive Transaction Agreement and the satisfaction of customary conditions precedent including: (i) the receipt of all third party consents and necessary regulatory and TSX-V approval; (ii) the receipt of all necessary shareholder and board of director approvals; (iii) the absence of any material adverse change in the business, results of operations, assets, liabilities, financial conditions or affairs of the Corporation or Mega Graphite, financial or otherwise; (iv) the absence of any material breach of the representations, warranties and covenants made by each party to the other; (v) other conditions which are customary for a transaction such as the Transaction; (vi) Mega having completed Debt Conversion.

### **Board of Directors and Management**

Upon completion of the Transaction, the directors and senior officers of the Corporation are anticipated to be:

Paul A. Gorman, Age: 42, Toronto, Ontario; President. Mr Gorman is the founder and director of Mega Graphite with over 15 years of experience in junior mining finance, taking companies public and operating growth-emerging public companies. Since March, 2000, Mr. Gorman has been the Managing Director of Riverbank Communications Inc., an investor awareness based consultancy firm assisting emerging junior public companies with public relations campaigns. Mr. Gorman is a director of several private and public companies, holding senior management positions with Canadian and US based organizations providing expertise in the areas of capital raising, corporate governance and strategic initiatives.

Gregory Cameron, Age: 39, Toronto, Ontario; Non-Executive Director. Mr. Cameron has worked in the finance industry for more than 16 years, focussing on small and mid-capitalization companies in North America and abroad. Mr. Cameron has held senior positions in investment banking at Canaccord Capital (SVP Investment Banking), MGI Securities (Founder) and Macquarie Capital Markets Canada formerly Orion Securities (SVP Investment Banking). Mr. Cameron has worked on numerous equity, debt, mergers, acquisitions, and restructurings. Mr. Cameron is the former Chairman Founder of Cub Energy Inc. a Canadian listed energy company focused on developing significant oil and gas reserves in Ukraine. Mr. Cameron is currently a director of Eastcoal Inc. a TSX-V listed company and Voyageur Oil and Gas Corporation, a private company. Mr. Cameron is a graduate of Saint Mary's University in Halifax, Nova Scotia, Canada with a Bachelor of Commerce in Finance and Accounting.

David Antony, C.A., Age: 50, Calgary, Alberta; Director. Mr. David Antony is a chartered accountant. He has more than 17 years of experience assisting companies in structuring transactions, accessing capital and corporate governance. He is currently also a director of Blackhawk Resource Corp., NorthSea Energy Inc., Iron Tank Resources Corp. and Southern Pacific Resource Corp., all publicly traded companies. Prior to that Mr. David Antony was a partner with a local firm of chartered accountants.

Raymond P. Antony, C.A., Age: 60, Calgary, Alberta; Director. Mr. Raymond Antony has been a Chartered Accountant for more than thirty years. Mr. Antony has obtained significant financial experience and exposure to accounting and financial issues as a director and audit committee member of a number of public companies with international operations in Colombia, Brazil, Argentina, Algeria, Papua New Guinea and Peru. In particular, from 2000 until 2008, Mr. Antony was a director and Chair of the Audit committee of Sherwood Copper Corporation. During that period Sherwood developed and constructed the 2,500 tons per day Minto Copper mine in the Yukon. He is currently a director of Gran Tierra Energy Inc., Eaglewood Energy Inc, Canyon Services Group Inc. and Blackhawk Resource Corp.

Torrie Chartier, MBA, P. Geol., Age: 50, Calgary, Alberta; Director. Ms. Chartier is a Professional Geologist holding a MSc. from Michigan Technological University and an MBA from the University of Calgary. Ms. Chartier is an independent geological consultant, with more than 25 years of experience in the mineral exploration industry. Ms. Chartier has extensive expertise in the exploration for diamonds and has been

directly associated with the discovery of numerous kimberlite pipes in the Great Lakes Region of Michigan, the Northwest Territories, Nunavut and Western Greenland. Ms. Chartier has managed various exploration programs and is a qualified person for the purpose of National Instrument 43-101. Ms. Chartier acts as a Board member and the CFO for Uravan Minerals Inc. and Trio Gold Corp. both public trading companies. She also acts as the business manager for a family owned charter helicopter company located in Calgary.

Charidy Lazorko, CGA, Age: 33, Calgary, Alberta; Chief Financial Officer and Corporate Secretary. Ms. Lazorko is a certified general accountant (CGA) with over eight years of experience in public companies and financial services. She has acted as a financial advisor for a multitude of private transactions and is currently an officer of Blackhawk Resources Ltd. and Africa Hydrocarbons Inc.

### **About Salida**

Following completion of the Transaction, Salida, and its related entities, will own 10,649,086 common shares of the Resulting Issuer, representing 40.82% of the post-Transaction common shares of the Resulting Issuer outstanding, without giving effect to the Private Placement.

Founded in 2001, Salida Capital is a natural resource focused investment management firm with key sectors of focus being precious metals, base metals, agriculture and energy. Salida Capital manages the assets for a client base of family offices, high net worth individuals and institutions. Salida Capital takes an active, opportunistic management style when investing in private, small, mid and large cap resource companies. Salida Capital has been recognized globally through numerous awards and accreditations for delivering industry leading products and performance. Partner and employee personal capital represents a significant portion of assets under management.

### **Name Change**

Upon closing of the Transaction and subject to required shareholder and regulatory approvals, the Corporation proposes to change its name to Mega Graphite Resource Corp.

### **Finder's Fee**

The Corporation has agreed to pay a finder's fee to Belmont Capital Corp. in connection with the Transaction in the amount of \$190,000. The finder's fee is payable in a combination of cash and common shares of the Resulting Issuer at a price of \$0.30 per common share of the Resulting Issuer. The finder's fee is subject to TSX-V acceptance.

### **Sponsorship**

Sponsorship of a Transaction is required by the TSX-V, unless exempt in accordance with TSX-V policies. The Corporation intends to apply to the TSX-V for an exemption from the TSX-V's sponsorship requirements. There is no guarantee that such exemption will be provided by the TSX-V.

### **Trading Halt**

Trading in Corporation's common shares on the TSX-V is halted and will remain so until the documentation required by the TSX-V has been reviewed and accepted by the TSX-V.

This is an initial press release. A further press release will be issued to provide, among other things, selected financial information respecting Mega Graphite and technical information respecting the material mining properties of Mega Graphite.

Subject to satisfaction or waiver of the conditions precedent referred to herein, the Corporation anticipates the proposed Transaction will be completed prior to April 30, 2013.

*Completion of the transaction is subject to a number of conditions, including TSX-V acceptance and, if required, disinterested Shareholder approval. 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 and/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 the Corporation should be considered highly speculative.*

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

*All information contained in this press release with respect to the Corporation and Mega Graphite was supplied by Corporation and Mega Graphite, respectively, for inclusion herein.*

*ADVISORY: This press release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Corporation's current beliefs and is based on information currently available to the Corporation and on assumptions the Corporation believes are reasonable. These assumptions include, but are not limited to, management's assumptions about the TSX Venture Exchange approval for the Transaction, closing of the Private Placement and closing of the Transaction announced above. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; commodity prices; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Corporation; timing and availability of external financing on acceptable terms. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.*

*The forward-looking statements contained in this press release represent the expectations of the Corporation as of the date of this press release and, accordingly, are subject to change after such date. However, the Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.*

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