

Premier Royalty Announces Arrangement Agreement With Sandstorm Gold

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TORONTO, Aug 14, 2013 - [Premier Royalty Inc.](#) (TSX:NSR) ("Premier Royalty" or the "Company") and [Sandstorm Gold Ltd.](#) ("Sandstorm") are pleased to announce that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which Sandstorm will acquire 100% of the outstanding common shares in the capital of Premier Royalty (the "Premier Royalty Shares"), other than the common shares of Premier Royalty currently owned by Sandstorm, by way of a plan of arrangement under section 182 of the Business Corporations Act (Ontario) (the "Arrangement").

Summary of the Arrangement

Premier Royalty shareholders will receive common shares of Sandstorm (the "Sandstorm Shares") on the basis of 0.145 of a Sandstorm Share for each Premier Royalty Share held. The Arrangement values the Premier Royalty Shares at approximately C\$0.89 per Premier Royalty Share, which represents a premium of 16% to the 20-day volume weighted average trading price of the Premier Royalty Shares of approximately C\$0.77 each on the Toronto Stock Exchange (the "TSX").

In accordance with the terms of the outstanding warrants to acquire Premier Royalty Shares (each, a "Premier Royalty Warrant"), each holder of a Premier Royalty Warrant outstanding immediately prior to the effective time of the Arrangement will receive on subsequent exercise of such holder's Premier Royalty Warrant, in accordance with its terms, for the same aggregate consideration payable for such warrant, 0.145 of a Sandstorm Share.

In addition, in accordance with the terms of the outstanding options to acquire Premier Royalty Shares (each, a "Premier Royalty Option"), each holder of a Premier Royalty Option outstanding immediately prior to the effective time of the Arrangement will receive on subsequent exercise of such holder's Premier Royalty Option, in accordance with its terms, for the same aggregate consideration payable for such option, 0.145 of a Sandstorm Share.

The Arrangement is subject to the approval of at least two-thirds of the votes cast by Premier Royalty shareholders at a special meeting of Premier Royalty shareholders, which is expected to be held in September 2013. The Arrangement is a related party transaction for purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Prior to executing the Arrangement Agreement, the board of directors of Premier Royalty obtained a formal valuation from Paradigm Capital Inc. as required by MI 61-101. The valuation was prepared under the supervision of a Special Committee of the independent directors of the Board of Directors of Premier Royalty. The valuation will be included in the Management Information Circular being mailed to shareholders of Premier Royalty. The approval by a simple majority of the disinterested shareholders of Premier Royalty will be required in order for the Arrangement to proceed, however, all shareholders of Premier Royalty will be treated on the same basis and no additional consideration or benefit is available to any shareholder of Premier Royalty.

Completion of the Arrangement is also subject to the approval of the Ontario Superior Court of Justice, the TSX, the receipt of all other necessary regulatory and third party approvals, and other customary conditions. In the event that the Arrangement is not completed under certain circumstances, Premier Royalty has agreed to pay Sandstorm a termination fee equal to C\$2 million. In addition, the Arrangement Agreement includes standard non-solicitation and superior proposal provisions and Premier Royalty has provided Sandstorm with certain other customary rights, including a right to match competing offers. Full details of the transaction will be included in the Management Information Circular of Premier Royalty to be mailed to Premier Royalty shareholders in due course.

A copy of the Arrangement Agreement will be filed under each of Sandstorm's and Premier Royalty's profiles on SEDAR at www.sedar.com.

Voting Support and Board Approval

Prior to entering into the Arrangement Agreement, Sandstorm and Premier Royalty entered into support and

voting agreements with certain shareholders of Premier Royalty (together, the "Locked-Up Shareholders"), collectively holding approximately 17.4% of the issued and outstanding shares of Premier Royalty, whereby the Locked-Up Shareholders have agreed to vote their Premier Royalty Shares in favour of the Arrangement at the special meeting of Premier Royalty shareholders. As at the date hereof, Sandstorm owns an aggregate of 46,678,221 Premier Royalty Shares, representing approximately 59.5% of the outstanding Premier Royalty Shares (51.6% on a fully-diluted basis). In addition, Sandstorm currently owns Premier Royalty Warrants to acquire an additional 6,965,676 Premier Royalty Shares.

The directors of Premier Royalty, other than those who have declared an interest in the Arrangement and abstained from voting, have unanimously approved the transaction and will unanimously recommend that Premier Royalty shareholders vote in favour of the Arrangement. Each director and senior officer of Premier Royalty has indicated that they intend to vote in favour of the Arrangement.

The Sandstorm board of directors has unanimously approved the transaction and Sandstorm does not require, and the transaction is not subject to, approval by the shareholders of Sandstorm. The issuance of the Sandstorm Shares, including those issuable on exercise of the Premier Royalty Warrants and the Premier Royalty Options on a post-closing basis, is subject to approval by the TSX.

Sandstorm's legal counsel is Cassels Brock & Blackwell LLP, Premier Royalty's legal counsel is Bennett Jones LLP and the special committee of the board of directors of Premier Royalty was advised by Blake, Cassels & Graydon LLP.

About Premier Royalty Inc.

With a current cash balance of \$33.5 million, the Company is well positioned for accretive growth. Premier Royalty's current royalty portfolio also features cash flow from several producing gold mines including:

- 1.5% NSR on the Emigrant Springs Mine operated by [Newmont](#) on the Carlin Trend in Nevada, USA
- 1% NSR on the Thunder Creek Deposit of the Timmins West Mine operated by [Lake Shore Gold Mines](#) in Timmins, Canada
- 1% NSR on the Mine Waste Solutions (MWS) tailings processing facility operated by [AngloGold Ashanti](#) near Johannesburg, South Africa
- 1% NSR on the Gualcamayo Mine operated by [Yamana Gold Inc.](#) in San Juan Province, Argentina
- 1.5% NSR on the San Andres Mine in Honduras and the Sao Vicente and Sao Francisco Mines in Brazil, operated by [Aura Minerals Inc.](#)

Premier Royalty Inc. also has a number of other promising earlier stage exploration and development royalties in its growth pipeline and is actively assessing other potential royalty acquisitions and corporate development opportunities in stable jurisdictions

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements information with respect to the completion of the Arrangement, including the receipt of court and shareholder approval; and the integration of Premier Royalty's business with Sandstorm's business. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the ability to complete the Arrangement, the receipt of necessary approvals, the inability to satisfy conditions to the Arrangement, the inability to achieve the benefits of the Arrangement and the risks identified in Premier Royalty's annual information form dated March 28, 2013. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Premier Royalty disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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