

# Papuan Precious Metals Announces Private Placement Financing

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KELOWNA, BRITISH COLUMBIA -- (Marketwired - April 29, 2014) - [Papuan Precious Metals Corp.](#) (the "Company") (TSX VENTURE:PAU) - Further to the Company's news release dated April 28, 2014, the Company is proceeding with the preparation of formal documentation to acquire the assets of the Colorado dispensary (the "Dispensary") and has assembled a team of industry experts and advisers in the state of Colorado to support and assist the Dispensary in its desire to expand its facilities.

## **FINANCING**

The Company intends to undertake a \$CDN 500,000 private placement financing, which will be partially brokered and partially non-brokered, at C\$.10 per share. Finder's fees of 7% payable in cash or shares may be paid upon closing.

## **DISPENSARY**

The Company will enter into a facilities rental and support agreement to lease back the premises and lease-hold improvements to be provided to the license holder to enable the expansion of the business. The Company will provide the Dispensary with financial and business consulting and support services to assist the Dispensary in achieving its growth goals. The Company will not be involved in the operations of the Dispensary and under Colorado law is prohibited from doing so.

The Company is preparing formal documentation to acquire the assets of the business on a sale and lease-back basis that includes cash consideration of up to US\$1,250,000. The sale is an arm's length transaction and will require approval at the state and local levels. The Colorado facility currently grows and sells medical marijuana to patients within the State of Colorado and looks to use the resources to be provided by the Company to expand its cultivation facilities to meet the current demand for its product, and to expand into the retail (recreational) market made possible due to recent Colorado legislation, which allows the sale of up to 1 ounce to Colorado residents over the age of 21, and 1/4 ounce to out-of-state residents over the age of 21.

The Dispensary currently occupies approximately 6,000 square feet of warehouse type space and the assets consist of grow equipment, security systems and lease-hold improvements. The Dispensary has been in operation for approximately four years and intends to expand its operation with the financial assistance to be provided by the Company.

## **SPIN-OUT**

The Company will retain its mineral resource prospects in Papuan New Guinea and is considering a plan of arrangement to spin-out the Company's assets into two separate entities. The acquisition spin-out will be subject to the policies of the TSX Venture Exchange and will require sponsorship or a waiver of sponsorship in accordance with policy 5.2.

## **RISK FACTORS**

### **Regulatory Regime**

The possession, cultivation and distribution of marijuana remains illegal at the Federal level in the United States. While there has been a federal policy to allow marijuana operations that are compliant with State laws to remain in operation, State law provides no protection against federal action. Should the U.S. Federal government take action, the potential for civil and criminal consequences cannot be ignored.

Due to the regulatory regime in Colorado, the structure of this transaction must withstand both State and

local scrutiny. Further, the transaction is subject to State and local regulatory approval. Accordingly, the ability to consummate the contemplated transaction may be beyond the Company's control.

### **Grant of License**

The Dispensary is currently licensed as Medical Marijuana Center-Premises under state and local laws and intends to apply to the State of Colorado for a recreational Marijuana ("License"). There is no assurance that the Company's arrangement for the sale and lease-back of the facility will be approved by the state and local governments and a new License granted to the licence holder. This would materially adversely affect the Company's operations and the Company would need to revise its business plan accordingly.

### **The Company has no operating history and an evolving business model.**

The Company has no operating history under this facilities rental and support agreement model to lease back the premises and lease hold improvements to be provided to the license holder and its business model is still evolving. The Company's ability to continue as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations but the Company has no proven history of performance, earnings or success. There can be no assurance that the Company will achieve profitability or obtain future financing.

### **Uncertain Demand**

Demand for the Dispensary's marijuana products is dependent on a number of social, political and economic factors that are beyond its control. While the Company believes that demand for the Dispensary's products will continue to grow, there is no assurance that such increase in demand will happen and that the Dispensary will be able to pay all of its lease obligations to the Company.

### **Competition**

The Company operates in a highly competitive marketplace with various competitors. Increased competition may result in reduced gross margins and/or loss of market share, either of which would seriously harm its business and results of operations. Management cannot be certain that the Company will be able to compete successfully against current or future competitors or that competitive pressure will not seriously harm its business. Some of the Company's competitors are much larger and have greater access to capital, sales, marketing, and other resources. These competitors may be able to respond more rapidly to new regulations or devote greater resources to the development and promotion of their business model than the Company can. Furthermore, some of these competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties in the industry to increase their ability to rapidly gain market share.

### **Reliance on Key Personnel**

To date, the Company has been dependent on a relatively small number of key officers and employees. The Company has assembled a team that have experience in the industry. The loss of knowledge of the Company's operations, management expertise and technical proficiency as a result of the loss of one or more members of the Company's core team, could result in a diversion of management resources or a temporary executive gap, or negatively affect the Company's ability to develop and pursue other business strategies, which could materially adversely affect the Company's business and/or financial results.

### **Share Price and Volume Volatility**

The Company's common shares may be affected by limited or sporadic trading volumes, which may affect its shareholders' ability to sell the Company's common shares. The Company's share price may be volatile and could be subject to wide fluctuations due to a number of factors including the risk factors noted above. In addition, broad fluctuations in the financial markets as well as economic conditions may adversely affect the market price of the Company's common shares.

### **Conflicts of Interest**

As certain of our directors and officers are directors, officers or shareholders of other companies, there are

potential conflicts of interest to which the directors or officers may be subject to from time to time, in connection with our operations.

ON BEHALF OF THE BOARD

Dev Randhawa, Chairman and CEO

Completion of the transaction is subject to a number of conditions, including Exchange acceptance and 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 to be prepared in connection with the transaction, any information released or received with respect to the acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of Papuan Precious Metals Corp. should be considered highly speculative.

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

**Cautionary Statement:**

*Certain information contained in this press release constitutes "forward-looking information", within the meaning of Canadian legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur", "be achieved" or "has the potential to". Forward looking statements contained in this press release may include statements regarding the potential spin-out and acquisition which involve known and unknown risks and uncertainties which may not prove to be accurate. Actual results and outcomes may differ materially from what is expressed or forecasted in these forward-looking statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (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 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.*

*Neither 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.*

**CONTACT INFORMATION**

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