

# Apogee Enters Into Letter Agreement With Prophecy Coal Corp.

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TORONTO, ONTARIO -- (Marketwired - Oct. 15, 2014) - [Apogee Silver Ltd.](#) ("Apogee" or the "Company") (TSX VENTURE:APE) has entered into a binding letter agreement with [Prophecy Coal Corp.](#) ("Prophecy") (TSX:PCY), whereby Prophecy has agreed to acquire Apogee's wholly owned subsidiaries Apogee Minerals Bolivia S.A. and ASC Bolivia LDC (the "Subsidiaries"), which in turn hold the Pulacayo-Paca Silver Lead Mining Project in Bolivia (the "Proposed Transaction").

In consideration, Prophecy will pay Apogee a cash fee in the amount of \$250,000 and shall issue to Apogee 60,000,000 Class B convertible non-voting shares of Prophecy (the "Class B Shares"). The Class B Shares will become eligible for conversion by Apogee into an equal amount of listed shares of Prophecy in the following instances: a) over a two-year period in tranches with the first tranche to be converted within twelve months of the closing of the Proposed Transaction; (b) on an accelerated basis in the event that the Prophecy common shares are trading above certain prices for a period of no less than five consecutive trading days on the TSX; or (c) in the event of certain major triggering events relating to Prophecy. Prophecy has agreed to assume certain liabilities, including all legal and tax liabilities, associated with the Subsidiaries and the Pulacayo-Paca project.

G. Scott Paterson, the Chairman of the Board of Apogee, noted, "We are confident that the highly experienced Prophecy Coal mining team, led by John Lee, will be able to bring the Pulacayo project into production in due course, adding value for both the Apogee and Prophecy shareholders." Through its holdings in Prophecy, Apogee shareholders will be able to simultaneously benefit in the potential upside of both the Pulacayo-Paca project and the Prophecy coal energy projects located in Mongolia. In addition the Proposed Transaction will provide the Company with immediate cash and near term liquidity to strengthen its balance sheet.

Currently, Prophecy has 251,878,634 common shares issued and outstanding as of the date hereof. Assuming Apogee were able to convert all Class B shares as of today's date, Apogee would hold a 19.2% interest in Prophecy. Based on the closing price of the Prophecy shares as at October 10, 2014 being \$0.05, the conversion of all of the Class B Shares represents an implied value of \$3,000,000 to Apogee.

## Approvals and Summary of the Proposed Transaction

The Proposed Transaction remains subject to the parties entering into a definitive agreement on or before October 24, 2014 and the receipt of all necessary regulatory approvals and necessary shareholder approvals at the special meetings of Apogee and Prophecy, respectively, to be held no later than December 19, 2014. Closing of the Proposed Transaction is set to occur by no later than December 29, 2014.

The terms of the Proposed Transaction will be described in further detail in the Management Information Circular of Apogee to be filed with the regulatory authorities and mailed to shareholders of Apogee in accordance with applicable securities laws. Officers, directors and major shareholders of Apogee who hold an aggregate of 18.2% of Apogee common shares, have agreed to enter into lock-up and support agreements with Prophecy under which they have agreed to vote in favour of the Proposed Transaction. In addition, officers, directors and major shareholders of Prophecy who hold approximately 5.5% of Prophecy, have agreed to enter into lockup and support agreements with Apogee under which they have agreed to vote in favour of the Proposed Transaction.

The Board of Directors of Apogee and the Board of Directors of Prophecy have determined to recommend that shareholders of Apogee and Prophecy, respectively, vote in favour of the Proposed Transaction.

The Letter Agreement includes a commitment by Apogee not to solicit alternative transactions to the proposed Transaction. Prophecy has also been provided with certain other rights customary for a transaction of this nature, including the right to match competing offers made to Apogee. Pursuant to the terms of the Letter Agreement, in the event Apogee accepts a superior offer or fails to complete the Proposed Transaction in certain circumstances, Apogee shall be required to pay to Prophecy a break fee in the amount of \$850,000.

Apogee has engaged Cairn Merchant Partners LP ("Cairn") as its financial advisor. Cairn has provided an

oral opinion to the Board of Directors of Apogee to the effect that, as of the date of such opinion and subject to certain assumptions, limitations and qualifications set out therein, the proposed transaction is fair, from a financial point of view, to shareholders of Apogee.

## **ABOUT PROPHECY COAL CORP.**

Prophecy Coal Corp. is a Canadian public company listed on the Toronto Stock Exchange that is engaged in developing energy projects in Mongolia. Further information on Prophecy Coal can be found at [www.prophecycoal.com](http://www.prophecycoal.com). In addition, readers are referred to the Canadian regulatory filings set out in Prophecy's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **About Apogee Silver Ltd.**

Apogee Silver Ltd. is a mineral exploration and development stage company listed on the TSX Venture Exchange under the symbol APE. Apogee targets advanced, high grade silver-zinc-lead projects in South America. Currently its projects are located in the historic silver producing regions of southwest Bolivia and northern Chile.

Apogee's most advanced project is the 100% controlled Pulacayo Paca project in Bolivia for which a positive feasibility study has been completed. The Company also has properties in Chile.

Completion of the Proposed Transaction is subject to a number of conditions, including receipt of regulatory approvals and the receipt of shareholder approval. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed at all.

Investors are cautioned that, except as disclosed in the Management Information Circular of Apogee 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.

## **Cautionary Note Regarding Forward-Looking Information**

*This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian Securities Legislation. Statements containing forward-looking information express, as at the date of this news release, the proposed transaction, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation to, update such statements containing the forward-looking information. Such forward-looking statements and information include, but are not limited to statements as to: the accuracy of estimated mineral reserves and resources, anticipated results of future exploration, and forecast future metal prices, anticipated results of future electrical sales and expectations that environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues will not materially affect estimates of mineral reserves. These statements reflect the company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.*

*These statements reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements contained in this news release and the company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: statements with respect to the future financial or operating performance of Prophecy and Apogee and its projects, statements regarding the prospects for the proposed transaction, statements regarding synergies and financial impact of the proposed transaction, the terms and conditions of the transaction, the benefits of the proposed transaction, risks related to the technological and operational nature of the company's business; changes in national and local government, legislation, taxation, controls or regulations and political or economic developments in Canada, Mongolia, Bolivia or other countries where the Company may carry on business in the future; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); risks relating to the credit*

*worthiness or financial condition of suppliers, refiners and other parties with whom the company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards;*

*employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses and permits and the presence of laws and regulations that may impose restrictions on mining; diminishing quantities or grades of mineral reserves as properties are mined; global financial conditions; business opportunities that may be presented to, or pursued by, the company; the company's ability to complete and successfully integrate acquisitions and to mitigate other business combination risks; challenges to, or difficulty in maintaining, the company's title to properties and continued ownership thereof; the actual results of current exploration activities, conclusions of economic evaluations, and changes in project parameters to deal with unanticipated economic or other factors; increased competition in the mining industry for properties, equipment, qualified personnel, and their costs. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.*

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