

# VMS Ventures Inc. Announces Plan of Arrangement With Royal Nickel Corp.

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VANCOUVER, Feb 1, 2016 - [VMS Ventures Inc.](#) (TSX VENTURE:VMS) ("VMS" or the "Company") is pleased to announce that it has entered into an agreement (the "Agreement") dated January 30, 2016 with Royal Nickel Corporation ("RNC") (TSX:RNX), an arm's length party to VMS, for the purchase of all outstanding shares of VMS by RNC by way of a Plan of Arrangement under the BC Business Corporations Act.

## Plan of Arrangement

Under the Agreement RNC will acquire 100% of the outstanding shares of VMS following payment of shares and cash to the VMS shareholders:

1. Issuance of 36 million common shares of RNC worth \$5.9 million, based on the 20-day Volume-Weighted Average Price (VWAP) of RNC shares on the TSX.
2. A cash payment totaling \$3.5 million.

A total of 29.98 million shares of [North American Nickel Inc.](#) (NAN) currently owned by VMS, worth \$2.4

3. million (\$0.017 per VMS share) based on the 20-day VWAP of \$0.082 per NAN share, to be distributed by way of a dividend in kind to VMS shareholders at 0.2047 NAN shares per VMS share.

As a result of this transaction VMS shareholders will receive consideration representing a value of \$0.081 for each VMS share held, representing a 39% premium to VMS's 20-day VWAP. Current VMS shareholders would own 36 million shares of RNC, or 18% of the combined company on a non-diluted basis, after giving effect to the shares distributed as part of RNC's investment in Salt Lake Mining (the "SLM Transaction") as detailed in the RNC news release dated February 1, 2016, as well as the cash proceeds and NAN shares.

Prior to the transaction RNC had 131,325,941 outstanding shares and on closing of the transaction and the SLM Transaction RNC will have 199,825,941 outstanding shares.

The terms and conditions of the Agreement will be disclosed in more detail in the VMS management information circular which is expected to be filed and mailed to VMS shareholders by early March, in anticipation of a special meeting of VMS shareholders to be held on or around the end of March. The Agreement supercedes a letter of intent dated January 7, 2016.

Completion of the transaction is subject to a number of conditions including court approvals, a favourable vote of (i) a majority of the VMS common shares voted at a special meeting of shareholders, other than shares held by RNC and any other interested parties in the transaction; and (ii) no less than 66 2/3% of holders of VMS common shares voted at a special meeting of shareholders, and the receipt of all necessary regulatory and stock exchange approvals along with satisfaction of certain other closing conditions.

The members of the board of directors and senior management of VMS, and certain large shareholders, including [HudBay Minerals Inc.](#), (TSX:HBM) (NYSE:HBM), have entered into support agreements with Royal Nickel pursuant to which each has agreed to vote in favour of the transaction, which together represent approximately 38% of the shares outstanding.

Other terms of the transaction include an agreement by VMS to pay a break fee to Royal Nickel under certain circumstances. VMS has also provided Royal Nickel with certain other customary rights, including a right to match competing offers and a non-solicitation clause.

Minvisory Corp. is acting as financial advisor to VMS Ventures. McMillan LLP is acting as legal counsel to VMS Ventures.

Haywood Securities Inc. is acting as exclusive financial advisor to Royal Nickel. Norton Rose Fulbright LLP is acting as legal counsel to Royal Nickel.

M Partners is acting as the financial advisor to the Special Committee and Board of Directors of VMS. M

Partners has provided an oral opinion to the board of directors of VMS that, based on and subject to certain assumptions, limitations and qualifications in the opinion, the consideration being offered by Royal Nickel in respect of the Arrangement is fair from a financial point of view to VMS and VMS Shareholders.

### **About VMS Ventures Inc.**

[VMS Ventures Inc.](#) acquires, explores, develops, and evaluates mineral properties in Canada. The company primarily explores for copper, zinc, gold, and silver deposits. Its principal property is the Reed Lake project located to the southwest of Snow Lake, Manitoba. VMS's common shares and warrants trade on the TSX under the symbols VMS.

### **About Royal Nickel Corporation**

[Royal Nickel Corporation](#) is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation and development of base metal and platinum group metal properties. RNC's principal asset is the Dumont Nickel Project strategically located in the established Abitibi mining camp, in the municipalities of Launay and Trécesson, 25 kilometres northwest of Amos, Quebec. RNC also owns interests in two advanced stage nickel exploration properties: the Aer-Kidd project near Sudbury, Ontario and the West Raglan project in northern Quebec. RNC has a strong management team and Board with over 100 years of mining experience in the nickel business at Inco and Falconbridge. RNC's common shares and warrants trade on the TSX under the symbols RNX and RNX.WT. RNC also trades on the OTCQX market under the symbol RNKLF.

### **About Salt Lake Mining**

Salt Lake Mining is a private company based in Australia focused on developing mineral properties. Its main asset is the Beta-Hunt nickel-gold mine located in Western Australia

### **Forward-Looking Statement**

*Some of the statements contained herein may be forward-looking statements which involve known and unknown risks and uncertainties. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company are forward-looking statements that involve various risks. The following are important factors that could cause the Company's actual results to differ materially from those expressed or implied by such forward-looking statements: changes in the world wide price of mineral commodities, general market conditions, risks inherent in mineral exploration, risks associated with development, construction and mining operations, the uncertainty of future profitability and the uncertainty of access to additional capital. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events may differ materially from those anticipated in such statements. [VMS Ventures Inc.](#) undertakes no obligation to update such forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on such forward-looking statements.*

ON BEHALF OF THE BOARD OF DIRECTORS

John Roozendaal, Interim CEO  
President, Director, VMS Ventures Inc.

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

### **Contact**

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