

# Alloycorp Mining Inc. Announces Going Private Transaction With Its Principal Shareholder

04.07.2016 | [Marketwired](#)

## Shareholders to Receive \$0.05 Per Share

[Alloycorp Mining Inc.](#) (TSX VENTURE: AVT) ("Alloycorp" or the "Company") announced today that it has entered into an agreement providing for the privatization of the Company by its major shareholders, Resource Capital Fund IV L.P. ("RCF IV") and Resource Capital Fund VI L.P. ("RCF VI" and collectively with RCF IV, "RCF"). Shareholders of Alloycorp, other than RCF, will receive \$0.05 for each common share of the Company.

RCF is both the largest creditor and shareholder of the Company. RCF has loaned Alloycorp a total of US\$126 million since 2008 under a series of loan agreements. The amounts owed to RCF caused a working capital deficiency of \$171,104,635 at March 31, 2016. The loans are secured by the assets of Alloycorp and its subsidiaries and came due on June 30, 2016. On June 30, 2016, RCF converted an aggregate of US\$52.5 million of the loans into 122 million common shares of the Company. After giving effect to such conversion, RCF owns 246,548,990 common shares, representing 90% of the outstanding common shares of the Company. RCF has agreed to forebear all remaining loans and waive any defaults under the outstanding loans and related security documents until August 31, 2016.

The privatization will be effected through an amalgamation of the Company and an indirect wholly-owned subsidiary of RCF (the "Amalgamation") under the Business Corporations Act (British Columbia) (the "BCBCA").

The Board of Directors of the Company (the "Board") formed a Special Committee (the "Special Committee") comprised of independent directors to evaluate the Amalgamation and make recommendations to the Board. The Special Committee received an opinion from Primary Capital Inc. to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the consideration to be received by the Alloycorp shareholders, other than RCF, pursuant to the Amalgamation is fair from a financial point of view to the Alloycorp shareholders, other than RCF. The Special Committee, after considering the price offered to Alloycorp shareholders, the financial condition of the Company, current market conditions, commodity prices including molybdenum, RCF's level of ownership as a shareholder and its position as lender to the Company, the fairness opinion, and a number of additional factors, concluded that the consideration was fair to the Company's shareholders. After considering these and other factors relevant to the Amalgamation, the Special Committee resolved that the Board should: submit the Amalgamation to a vote of the shareholders at a shareholders' meeting and, in furtherance thereof, authorize the Company to enter into the acquisition agreement; and recommend to the shareholders to approve the special resolution in respect of the Amalgamation (the "Amalgamation Resolution").

Mario Caron, Chairman of the Board at Alloycorp, said: "The cost of operating a public company has become prohibitive given the current state of the equity markets as well as the depressed state of the molybdenum industry as a whole. The RCF transaction relieves the Company's significant debt burden, provides cash to shareholders and enhances flexibility for future development of the Company."

The Company will convene an annual general and special meeting of shareholders (the "Meeting") to take place on August 8, 2016 for shareholders to consider and approve the Amalgamation.

The Board unanimously recommends that shareholders vote in favour of the Amalgamation Resolution.

Directors and officers of the Company have entered into voting and support agreements with the Purchaser under which they have agreed to vote all common shares owned or controlled by them in favour of the Amalgamation Resolution. The Purchaser intends to vote in favour of the Amalgamation Resolution. Alloycorp shareholders are entitled to dissent in respect of the Amalgamation Resolution under Division 2 of Part 8 of the BCBCA.

The completion of the Amalgamation is subject to a number of conditions precedent that are customary to this type of transaction, including, but not limited to, there being no material adverse change with respect to the Company, the approval of the Amalgamation Resolution by at least two-thirds of the votes cast by holders of common shares at the Meeting (including votes cast by RCF), and the acceptance of the

Amalgamation by the TSX Venture Exchange. Assuming the satisfaction of all conditions, the Amalgamation is expected to close as soon as practicable following the Meeting.

The Amalgamation constitutes a "business combination" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Securityholders in Special Transactions ("MI 61-101"). Since the Company is listed on the TSX Venture Exchange, the Amalgamation will, pursuant to section 4.4(1)(a) of MI 61-101, be exempt from the formal valuation requirements of MI 61-101. Because RCF owns 90 percent of the Company's outstanding shares, the Amalgamation will, pursuant to section 4.6(1)(a) of MI 61-101, be exempt from the minority shareholder approval requirements of MI 61-101.

Details of the terms and conditions of the Amalgamation will be included in a management information circular, which will be mailed to the shareholders as soon as practicable and will also be available for download at [www.sedar.com](http://www.sedar.com).

Following the Amalgamation, the Company will be a wholly owned subsidiary of RCF, and the Company will continue to keep the Kitsault project in good standing with respect to its existing permits, maintain relationships with local communities and other partners and ensure all existing contractual agreements are met.

### **Advisors**

Primary Capital Inc. is acting as financial advisor and Stikeman Elliott LLP is acting as legal advisor to the Special Committee. Davies Ward Phillips & Vineberg LLP is acting as legal advisor to RCF and Farris, Vaughan, Wills & Murphy LLP is acting as British Columbia legal advisor to RCF. Blake, Cassels & Graydon LLP is acting as legal advisor to Alloycorp.

### **About Alloycorp**

Alloycorp is a TSX Venture Exchange listed company headquartered in Toronto with an operations office in Vancouver. The Kitsault molybdenum project is located in the Nass Valley area, approximately 140 km north of Prince Rupert, in British Columbia, Canada. Alloycorp holds a 100% interest in the Project through its wholly owned subsidiary. The Kitsault molybdenum project is fully permitted for construction.

### **About RCF**

RCF IV and RCF VI are private equity funds with the mandate to make investments exclusively in the mining sector across a diversified range of mineral commodities and geographic regions. RCF is managed by RCF Management L.L.C. which has its principal office in Denver and additional offices in Perth, New York (Long Island), Toronto, and Santiago, Chile. RCF has provided financing for Alloycorp to acquire and develop the Kitsault molybdenum deposit since 2008.

*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.*

*Forward-Looking Statements: This news release contains certain forward-looking information concerning the business of Alloycorp and the proposed Amalgamation that constitute "forward-looking information" within the meaning of applicable securities laws. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might", or "will be taken or occur to be achieved. All statements, other than statements of historical fact, included herein, including those related to, without limitation, negotiation and consummation of the definitive agreements with respect to the Amalgamation, the completion of the Amalgamation or related transactions, statements concerning the value of the Shares, receipt of requisite legal and financial opinions with respect to the Amalgamation and applicable regulatory approvals required with respect to the Amalgamation are forward-looking statements. These forward-looking statements are based on the opinions of management at the date the statements are made and are based on assumptions and estimates and are subject to a variety of risks and uncertainties and other factors that could cause actual events to differ materially from those projected in forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation, that the conditions to completion of the Amalgamation will not be satisfied, including approval of the Amalgamation Resolution by the Company's shareholders; fluctuations in commodity prices and currency exchange rates; the satisfaction of various conditions to financing and funding; uncertainties relating to interpretation of drill results and the geology,*

*continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability, terms and timing of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; and other risks and uncertainties disclosed in the Company's Annual Information Form for the year ended December 31, 2013, which is available at [www.sedar.com](http://www.sedar.com). The Company is under no obligation to update forward-looking statements if circumstances or management's opinions should change, except as required by applicable securities laws. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.*

## Contact

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/235656--Alloycorp-Mining-Inc.-Announces-Going-Private-Transaction-With-Its-Principal-Shareholder.html>

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