

Damon Capital Corp. Announces Agreement to Acquire Arizona Silver Corporation

27.08.2016 | [ACCESS Newswire](#)

VANCOUVER, August 26, 2016 - [Damon Capital Corp.](#) (TSXV: DAM.H) ("Damon" or the "Company") is pleased to announce that it has reached an agreement in principle pursuant to a letter of intent dated August 11, 2016 (the "Agreement") with Arizona Silver Corporation ("Arizona Silver") pursuant to which Damon will acquire all of the issued and outstanding shares of Arizona Silver (the "Arizona Silver Shares"). The acquisition of Arizona Silver (the "Acquisition") will constitute Damon's Qualifying Transaction as such term is defined in the policies of the TSX Venture Exchange (the "Exchange").

Damon is a "capital pool company" as defined in the Policies of the Exchange. Trading in the common shares of Damon ("Damon Shares") is halted at present. It is unlikely that the Company's common shares will resume trading until the Acquisition is completed, which is subject to Exchange acceptance among other things.

Terms of the Acquisition

Pursuant to the Agreement, subject to satisfaction of certain conditions including the execution of a definitive agreement, Damon will acquire the Arizona Silver Shares by way of share exchange whereby shareholders of Arizona Silver will receive ten (10) Damon Shares for every one (1) Arizona Silver Share held, which would result in the issuance of an aggregate of 5,587,710 Damon Shares based on the current number of outstanding Arizona Silver Shares. Arizona Silver currently has no other securities outstanding.

The Damon Shares to be issued to the Arizona Silver shareholders under the Acquisition will be subject to any restrictions on resale, including escrow restrictions, imposed by applicable laws and the Exchange.

The Acquisition does not constitute a "Non-Arm's Length Qualifying Transaction" (as defined in the policies Exchange).

At the closing of the Acquisition, Arizona Silver will become a wholly owned subsidiary of Damon, and the shareholders of Arizona Silver will become shareholders of Damon.

Damon has advanced \$15,000 to Arizona Silver pursuant to the Agreement. Subject to Exchange acceptance, Damon may loan additional funds in order for Arizona Silver to complete the Acquisition, which would bear interest at an annual rate of 7%.

Damon will seek Exchange acceptance of the Acquisition by completing and submitting a filing statement in accordance with applicable Exchange policies.

The filing statement will be made available on the Company's profile page on SEDAR at www.sedar.com. Other than Exchange acceptance, the most significant conditions required to be satisfied in connection with the closing of the Acquisition are: the preparation of an independent technical report in respect of Arizona Silver's principal property in accordance with National Instrument 43-101, which technical report will also be filed on SEDAR; Damon having received a title opinion in respect of such property; and completion of the Private Placement (as defined below).

The closing of the Acquisition is expected to occur prior to October 15, 2016, following submission of the filing statement and final acceptance from the Exchange of the transaction, or such other date as the parties may agree pursuant to the terms of the Agreement.

About Arizona Silver

Arizona Silver is a private British Columbia company with silver exploration leases in Las Paz County, Arizona.

The business of the resulting issuer will be Arizona Silver's business of mineral exploration in Arizona. Arizona Silver owns 100% of certain silver mining leases located in portions of sections 1, 2, and 12,

T3N-R17W S.R.M. (unsurveyed), of La Paz County, Arizona (the "Ramsey Silver Mine Property"). Arizona Silver holds options to purchase two (2) patented claims and twelve (12) unpatented claims covering the core of the Ramsey Silver Mine Property.

Arizona Silver also controls sixteen (16) unpatented lode mining claims that are held by Arizona Silver's CEO for the benefit of Arizona Silver and which surround the above leases. Arizona Silver makes all annual Bureau of Land Management claim maintenance payments and controls 100% of these claims free and clear of any obligation to the CEO.

It is a condition precedent to the completion of the Acquisition that Arizona Silver assist Damon in the preparation and delivery of an independent technical report in respect of the Ramsey Silver Mine Property.

Financial Information

Based on the unaudited financial statements of Arizona Silver, which are currently being audited, over C\$150,000 of expenditures have been incurred in exploring and acquiring mineral properties since Arizona Silver was established in 2011.

Concurrent Private Placement

The Agreement provides that, as a condition to closing the Acquisition, Damon will carry out a non-brokered private placement of common shares to raise gross proceeds of not less than C\$750,000 and not more than C\$1,500,000 at a purchase price of not less than C\$0.10 per share (the "Private Placement"). Finders' fees may be paid in connection with the Private Placement, to be comprised of a cash fee equal to eight percent (8%) of the proceeds raised.

The table below sets out the potential amount of Damon Shares held by Damon Shareholders, Arizona Silver shareholders and purchasers under the Private Placement upon completion of the Acquisition, based on the minimum, median and maximum amounts of gross proceeds raised under the Private Placement, assuming the minimum issue price per share of C\$0.10.

Directors and Officers of Resulting Issuer

On the completion of the Acquisition, it is anticipated that the number of directors the Company will be increased to five and that the members of the board will be comprised of Gregory Hahn, Graham Scott, Mike Stark, Joseph Charland and Keturah Nathe.

It is expected that Gregory Hahn and Richard Barnett will be appointed Chief Executive Officer and Chief Financial Officer, respectively, of the resulting issuer.

The following is a short background of each of the insiders of the resulting issuer upon completion of the Acquisition:

Gregory Hahn – Chief Executive Officer and Director. Mr. Hahn has been President, COO and a director of Canamex Resources Corp. since 2012, and is the Principal of Greg Hahn Consulting, LLC, a private mining and geological consulting firm since 2007. He has been a director of eCobalt Solutions Inc. (formerly Formation Metals Inc.) since 2013, and was formerly a director and Interim President/CEO of Silver Bull Resources (formerly Metalline Mining Company). Mr. Hahn was a founding shareholder and director of Marathon PGM Corporation from 2003-2010, when it was sold to Stillwater Mining Company. Previously he was a director, President and CEO of Constellation Copper Corporation and its predecessor from 1991 to 2007, during which time he engineered, permitted, financed, constructed, and started up the Lisbon Valley Copper open pit mine and heap leach facility in Utah, which has been operating since 2005. Prior to that Mr. Hahn was Chief Geological Engineer for CoCa Mines from 1986-1991, where he helped build and operate the Cactus Gold Mine open pit mine and heap leach operations in southern California for CoCa Mines, which was purchased by Hecla Mining Company. Prior to joining CoCa Mines Mr. Hahn worked as a geologist and exploration manager for Noranda Exploration Inc in the United States for 10 years.

Richard Barnett, CPA, CGA – Chief Financial Officer. Mr. Barnett has been CFO, Secretary and a director of Damon since May 2015. Mr. Barnett also has acted as the CFO for several companies listed on the TSX Venture Exchange since 2008, and is currently a director of Petrichor Energy Inc..

Graham Scott B.Sc., M.A., LL.B – Director. Mr. Scott combines over 30 years as a resource and corporate finance lawyer, with eight years of practical experience as an exploration geologist to provide clients with

advice on all resource related matters. Mr. Scott represents many Canadian public companies which are listed on the Toronto Stock Exchange and TSX Venture Exchange, in addition to clients in the corporate finance business. Mr. Scott also represents a diverse group of clients in the mining industry, ranging from individual prospectors to multinational mining companies. In such work, Mr. Scott has negotiated and prepared participation and joint venture agreements for properties throughout the world.

Mike Stark- Director. Mr. Stark is currently a director of Canamex Resources Corp. and TransAmerican Energy Inc.. He is a 25 year member of the Fire Service International Association of Fire Fighters, currently serving as Captain.

Joseph Charland – Director. Mr. Charland has been a financial and Investment consultant since 1995, having over 30 years' experience in the mining finance industry as a director, executive and/or consultant. Mr. Charland has acted as President, CEO and a director of Damon since 2011, and is also a director of Iconic Minerals Ltd..

Keturah Nathe – Director. Ms. Nathe is currently VP Corporate Development for Iconic Minerals Ltd., and has over eight years' experience in corporate and project development oversight for junior public companies involved in the energy and mineral exploration industries.

About Damon

Damon is a capital pool company incorporated under the laws of British Columbia and currently listed on the NEX board of the Exchange.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, 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 filing statement 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. Trading in the securities of Damon should be considered highly speculative.

ON BEHALF OF THE BOARD

SIGNED: "Richard Barnett"
Richard Barnett, CFO and Director
Contact: (604) 336-8619

Forward-Looking Information: This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Acquisition, the Private Placement and associated transactions, including statements regarding the terms and conditions of such transactions. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of Damon and Arizona Silver (the "Companies"). This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this press release and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things, the completion of the Acquisition and the Private Placement. These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. Important factors that may cause actual results to vary include without limitation, risks relating to the finalization of the terms of the Private Placement; risks associated with any delays or difficulties encountered in respect of the Acquisition and Private Placement; the timing and receipt of certain approvals; delays in the receipt of requisite approvals and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this press release, the Companies have applied several material assumptions, including without limitation: (1) the successful completion of the Private Placement; and (2) the receipt of necessary consents and approvals and satisfaction of all conditions precedent for the completion of the Acquisition and Private Placement in a timely manner. Neither Damon nor Arizona Silver assumes any obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements, unless and until required by applicable securities laws. Additional information identifying risks and uncertainties is contained in Damon's filings with the

Canadian securities regulators, which filings are available at www.sedar.com.

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, and the TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction.

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