

12 Exploration Inc. Agrees to Acquire 79North Ltd.

30.04.2020 | [GlobeNewswire](#)

TORONTO, April 30, 2020 - [12 Exploration Inc.](#) (CSE TWLV) announces that it has signed a binding letter agreement (the Letter Agreement) with [79North Ltd.](#), a privately held corporation existing under the laws of Ontario, which outlines the general terms and conditions pursuant to which 12Ex shall acquire all of the issued and outstanding shares of 79North (the Transaction). The Letter Agreement was negotiated at arm's length and is effective as of April 29, 2020.

79North is a Toronto-based exploration and development company focused on the acquisition, exploration and development of properties which are prospective for gold and other metals. 79North is lead by a team with deep mineral exploration expertise and track record of discoveries and exits in South America and globally. 79North currently holds an indirect interest in mineral concessions in northern Suriname (formerly Dutch Guiana), and aims to become the premier junior exploration company in this underexplored district of the prolific Guiana Shield. 79 North's growing portfolio of high-quality targets which have not undergone modern exploration or drilling have a long history of artisanal mining and are strategically located within close proximity to modern gold mines operated by major mining companies. The registered office address of 79North is located at 82 Richmond Street East, Suite 306, Toronto, Ontario, M5C 1P1.

Terms of the Transaction

The Transaction is expected to proceed by way of a three cornered amalgamation (the Amalgamation) pursuant to which 79North shall amalgamate with a wholly-owned subsidiary of 12Ex, and 12Ex will acquire all of the issued and outstanding common shares of 79North (the 79North Shares) in exchange for common shares of 12Ex (12Ex Shares) on the basis of one 12Ex Share for each 79North Share issued and outstanding, as a result of which 79North will be a wholly-owned subsidiary of 12Ex. The Amalgamation will also provide that all outstanding warrants and broker warrants to purchase 79North Shares shall remain outstanding and thereafter entitle the holders thereof to acquire equivalent securities of 12Ex in lieu of 79North on the same terms and conditions.

Prior to the completion of the Transaction, the parties will complete a non-brokered private placement of subscription receipts of each of 79North (79North Subscription Receipts) and 12Ex (the 12Ex Subscription Receipts) and together with the 79North Subscription Receipts, the Subscription Receipts) at a price of C\$0.15 each to raise targeted aggregate gross proceeds of C\$3,000,000 (the Offering). The gross proceeds from the sale of the Subscription Receipts will be held in escrow by an escrow agent acceptable to 12Ex and 79North. Immediately prior to the completion of the Transaction upon satisfaction of the conditions which will be set forth in the certificates representing the Subscription Receipts the gross proceeds will be released from escrow and, (i) each 79North Subscription Receipt shall be converted into one unit, consisting of one 79North Share and one share purchase warrant of 79North; and (ii) each 12Ex Subscription Receipt shall be converted into one unit, consisting of one 12Ex Share and one share purchase warrant of 12Ex. Following completion of the Transaction, each whole share purchase warrant of 79North and 12Ex underlying the Subscription Receipts will entitle the holder thereof to acquire an additional 12Ex Share at a price of C\$0.25 until the date that is 36 months following the closing of the Transaction, subject to customary anti dilution provisions. 79North and 12Ex may issue broker warrants and pay finder's fees in connection with the Offering upon terms to be determined.

The net proceeds from the Offering will be used to fund exploration and development of 12Ex's property interests and for general corporate purposes following the completion of the Transaction.

Officers and Board of Directors

Upon completion of the Transaction, all directors and officers of 12Ex will resign, the board of directors will be increased to consist of four directors, and the nominees of 79North will be appointed as directors and officers of 12Ex. The following sets out the names and backgrounds of the persons that are proposed to be the directors and officers of 12Ex following completion of the Transaction.

Jon North, Ph.D., P.Geo. — President, Chief Executive Officer and Chairman of the Board. Jon North has more than 30 years of experience in mineral exploration worldwide. In the early part of his career he completed undergraduate and graduate degrees in geology leading to a Ph.D. awarded in 1993 at the University of Western Ontario. He then worked with major mining companies such as Western Mining Corporation and BHP until 1997. Since 1997, he has been the founding director of numerous junior mining companies including North Atlantic Resources Ltd. that discovered the FT gold deposit in Mali, and most recently, Northquest Ltd., that was taken over by Nordgold N.V. in 2016 subsequent to the discovery of the Pistol Bay gold deposit in Nunavut, Canada.

Carmelo Marrelli, CA, CPA, CGA, ACIS — Chief Financial Officer. Carmelo Marrelli is the principal of Marrelli Support Services Inc., a firm that has delivered accounting and regulatory compliance services to listed companies on various exchanges for over twenty years. In addition, Mr. Marrelli also controls DSA Corporate Services Inc., a firm providing corporate secretarial and regulatory filing services. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA), and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He received a Bachelor of Commerce degree from the University of Toronto.

Elaine Ellingham, P.Geo. — Director. Elaine Ellingham is an experienced mining executive and geologist with over 30 years of experience in the mining industry. Ms. Ellingham is a consultant providing strategic management services to international mining clients. She has held roles as interim CEO for Richmond Mines Ltd. and Senior Vice President, Investor Relations with [Iamgold Corporation](#). Elaine spent eight years with the Toronto Stock Exchange, in a number of capacities including National Leader of Mining, and Manager, Company Listings. She has a range of experience in mineral exploration, corporate development and investor relations for mining companies, including Campbell Resources Inc., Rio Algom Exploration Inc., and St. Joe Canada Inc. Elaine is currently a Director of [Alamos Gold Inc.](#) (TSX/NYSE), [Almaden Minerals Ltd.](#) (TSX/NYSE MKT) and [Blue Thunder Mining Inc.](#) (TSXV). She has an M.Sc. in Geology and an MBA, both from the University of Toronto.

Daryl Hodges, M.Sc. — Director. Daryl Hodges has been involved in the mining industry for 40 years, beginning in 1977 as a geophysical operator north of Kidd Creek in Timmins, Ontario. Daryl has explored for gold across Canada, and completed his M.Sc. thesis on the geology and geochemistry of a gold deposit in Val d'Or, Quebec. He has been involved in discoveries of gold (Hoyle Pond, Hammond Reef), Tin-Tungsten (Sisson Brook, New Brunswick), copper-zinc (Snow Lake, Manitoba), nickel-copper (Manitoba), and worked internationally in Russia (Norilsk), Finland (Keivitsa), Philippines and China in project generation and development. After leaving Falconbridge in 1996, he worked as a mining analyst and investment banker at HSBC and Jennings Capital. As a co-founder, Chief Executive Officer, and Chairman of Jennings Capital, Daryl was instrumental in its growth into a substantial boutique investment dealer. He is currently President of Ladykirk Capital Advisors Inc., and a Director of HPQ Silicon Resources, and Chief Executive Officer of private company Ancient Strains Limited.

Philip MacDonnell, CA CPA — Director. Philip MacDonnell started in the mining business working underground at Noranda Mines, then diamond drilling in northern Quebec. Subsequent to earning a business degree and CPA degree, he participated in the start up of an international investment dealer that expanded to offices across Canada and Europe. Following that, he joined the venture capital business raising capital and acting as an advisor. He sits on many boards including a gold mining company in Africa and a large drilling company in South America and commonly serves as chair of the Audit Committee.

Capitalization

As of the date hereof, (i) 12Ex has 10,010,000 12Ex Shares issued and outstanding, as well as 320,000 broker warrants (each exercisable to acquire one 12Ex Share) and options to acquire an aggregate of 500,000 12Ex Shares; and (ii) 79North has 43,133,953 79North Shares issued and outstanding together with an aggregate of 11,032,400 share purchase warrants (each exercisable to acquire one 79North Share) and 1,726,783 broker warrants (each exercisable to acquire one 79North Share and one-half of one share purchase warrant of 79North).

Based upon the number of issued and outstanding shares in each of 12Ex and 79North on the date hereof, upon completion of the Transaction and the targeted Offering to raise aggregate gross proceeds of \$3,000,000, it is expected that 12Ex will have approximately 73,143,953 12Ex Shares issued and outstanding (non-diluted), of which the current shareholders of 12Ex will hold 10,010,000 12Ex Shares representing approximately 13.7%, the former shareholders of 79North will hold 43,133,953 12Ex Shares representing approximately 58.9%, and the purchasers under the Offering will hold 20,000,000 12 Ex Shares representing approximately 27.3% (assuming no exercise of any convertible securities of 12Ex or 79North prior to closing).

In addition, upon completion of the Transaction and the targeted Offering to raise aggregate gross proceeds

of \$3,000,000, 12Ex will also have outstanding 500,000 stock options, 31,352,400 share purchase warrants, and 1,726,783 broker warrants (each exercisable to acquire one 12Ex Share and one-half of one share purchase warrant of 12Ex), not accounting for any exercises thereof prior to closing of the Transaction or any broker warrants to be issued in connection with the Offering.

Conditions to Transaction

The Transaction is subject to various conditions, including as follows:

- completion of satisfactory due diligence;
- 12Ex and 79North entering into a definitive agreement (the "Definitive Agreement") in respect to the Transaction;
- the accuracy of the respective representations and warranties of each of 12Ex and 79North in the Definitive Agreement;
- completion of the Offering and the gross proceeds from the sale of the Subscription Receipts being released from escrow; and
- receipt of all requisite shareholder, third party and regulatory approvals relating to the Transaction, including, without limitation, approval of the Canadian Securities Exchange, will have been obtained.

Additional Information Regarding the Transaction

The Letter Agreement contains standard confidentiality and standstill provisions, and representations and warranties of the parties. The final legal structure for the Transaction will be determined after the parties have considered all applicable tax, securities law, and accounting efficiencies.

The Transaction is expected to be completed as soon as reasonably practicable. The Letter Agreement may be terminated in specified circumstances, including in the event the Definitive Agreement is not entered into by June 5, 2020.

The Transaction remains subject to the receipt of all applicable shareholder, regulatory and third party approvals.

Further Information

All information contained in this news release with respect to 12Ex and 79North was supplied by the parties respectively, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

For further information regarding the Transaction, please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using

phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to: the terms and conditions of the proposed Transaction; the terms and conditions of the proposed Offering; use of funds; and the business and operations of 12Ex after completion of the proposed Transaction. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder or regulatory approvals. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, 12Ex and 79North assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

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