

# CT Developers Ltd. Enters into Definitive Agreement with Magna Mining Inc.

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VANCOUVER, Feb. 11, 2021 - CT Developers ("CT" or the "Company") (TSXV:DEV.P), a capital pool company, is pleased to announce that it has entered into a definitive agreement dated February 10, 2021 (the "Definitive Agreement") with Magna Mining Corp. ("Magna") and 2813443 Ontario Inc., a wholly-owned subsidiary of the Company ("Subco"), which shall govern the Company's qualifying transaction (the "Qualifying Transaction") pursuant to Policy 2.4 - Capital Pool Companies (the "Policy") of the TSX Venture Exchange (the "Exchange"). The Definitive Agreement supersedes the non-binding letter of intent dated November 3, 2020 (the "LOI") entered into between CT and Magna.

## Overview of the Qualifying Transaction

Pursuant to the Definitive Agreement, the parties will complete a three-cornered amalgamation (the "Amalgamation") whereby Magna will amalgamate with Subco and, pursuant thereto, all of the common shares of Magna (the "Magna Shares") will be cancelled and CT will issue 1.625 common shares in the capital of the Company (the "CT Shares") in consideration for each such Magna Share so cancelled (the "Exchange Ratio"). Prior to the completion of the Amalgamation, CT will complete a consolidation on the basis of 4 pre-consolidation CT Shares for each post-consolidation CT Share (the "Consolidation"). In addition, each convertible, exchangeable, or exercisable security of Magna shall be exchanged for a convertible exchangeable, or exercisable security, as applicable, of CT on substantially the same economic terms and conditions as the original convertible, exchangeable or exercisable security of Magna based on the Exchange Ratio.

On the closing of the Concurrent Financing (as defined below), the number of CT Shares to be issued by CT to acquire Magna is anticipated to be 61,570,304 CT Shares (which shares will be issued on a post-Consolidation basis). Following completion of the Qualifying Transaction, it is anticipated that there will be approximately 63,717,434 CT Shares issued and outstanding, with holders of Magna Shares holding approximately 96.63% of such shares, current holders of CT Shares holding approximately 2.96% and the Agents (as defined below) holding the remaining 0.41% the outstanding CT Shares.

The Amalgamation is not a Non Arm's Length Qualifying Transaction pursuant to Section 2.1 of the Policy and, as such, the Company is not required to obtain shareholder approval for the Amalgamation. However, the Company intends to hold its annual and special meeting of shareholders to approve certain matters ancillary to the Amalgamation, including a name change, the Consolidation and change in the board of directors effective upon closing of the Qualifying Transaction ("Closing"), as well as standard annual meeting business. The Company has called the annual and special meeting for March 1, 2021.

Upon completion of the Amalgamation, CT will continue the business of Magna with Magna as its wholly-owned, operating subsidiary. Effective on Closing, it is anticipated that the name of CT will be changed to "Magna Mining Inc." or such other name as may be acceptable to Magna and the Exchange.

It is anticipated that all of the current officers and directors of CT will resign from their respective positions with CT. It is currently anticipated that, subsequent to the Closing, the insiders of CT will include: Jason Jessup, as a director and Chief Executive Officer and Derrick Weyrauch, as a director and interim Chief Financial Officer, and the following directors: Vern Baker, Carl DeLuca and John Seaman.

All CT Shares issued pursuant to the Qualifying Transaction, except those certain CT Shares issued to U.S. persons who are affiliates (as defined in Rule 144(a)(1) under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) of Magna at the time the Qualifying Transaction is submitted for vote or consent by the shareholders of Magna, will be freely tradable under applicable securities legislation but may be subject to Exchange imposed restrictions on resale.

Certain of the CT Shares to be issued to the holders of Magna Shares pursuant to the Qualifying Transaction, including up to 100% of the securities to be issued to "Principals" (as defined under applicable laws), may also be subject to escrow provisions imposed pursuant to the policies of the Exchange.

None of the securities to be issued pursuant to the Qualifying Transaction have been or will be registered

under the U.S. Securities Act, or any state securities laws, and any securities issued pursuant to the Qualifying Transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

No finder's fees are payable in connection with the Qualifying Transaction.

### **Conditions to the Qualifying Transaction**

Completion of the Qualifying Transaction is subject to the following conditions:

- Receipt of all required consents or approvals;
- Receipt of conditional approval from the Exchange;
- Completion of closing on or before May 31, 2021, or such other date as may be agreed upon between Magna and the Company;
- No prohibition at law existing for the completion of the Qualifying Transaction;
- Escrow agreements having been entered into pursuant to the policies of the Exchange;
- Approval of the Amalgamation by the shareholders of Magna;
- Approval by shareholders of CT of the Company's stock option plan, amendments to the Company's by-laws, proposed name change and Consolidation;
- The representations and warranties of each of Magna and CT being true and correct as of the date of Closing;
- There being no material changes for either of Magna or CT from the date of signing the Definitive Agreement to the date of Closing;
- All necessary corporate proceedings of each party having been completed and all required closing documents of each of the parties having been delivered as of the date of Closing;
- Completion of the name change and Consolidation; and
- Resignation of the current directors and officers of CT and the appointment, as directed by Magna, of incoming directors and officers.

Sponsorship of a qualifying transaction of a capital pool company is required by the Exchange unless exempt in accordance with Exchange policies. The parties will be seeking a waiver of any requirement for a Sponsor, but in the event a waiver is not available, will seek a sponsorship relationship for this transaction with an Exchange member firm, and will update the markets accordingly.

### **Concurrent Financing**

In connection with the Qualifying Transaction, Magna entered into an engagement letter dated November 24, 2020 with Canaccord Genuity Corp. ("Canaccord"), as lead agent and sole bookrunner, on its own behalf and on behalf of a syndicate of agents which may be formed (the "Agents"), pursuant to which the Agents have agreed to sell, on a commercially reasonable efforts private placement basis, up to 10,770,000 subscription receipts (the "Subscription Receipts") of Magna at a price of \$0.65 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds to Magna of up to \$7,000,500, or such other amount as Magna and the Agents may agree (collectively, the "Concurrent Financing"), of which up to \$2,000,000 may be issued to investors on a president's list (the "President's List"). Each Subscription Receipt will entitle the holder thereof to receive, without payment of any additional consideration and without further action on the part of the holder thereof, one Magna Share and one-half of one Magna Share purchase warrant (each whole warrant, a "Magna Warrant") upon satisfaction of certain escrow release conditions ("Escrow Release Conditions"). Each Magna Warrant will be exercisable into one Magna Share at an exercise price of \$1.00 per Magna Share for a period of 18 months from the date on which the Escrow Release Conditions are satisfied, subject to the right of Magna to accelerate the expiry date of the Magna Warrants, if at any time following the date that is four months and one day following the closing date of the Concurrent Financing, the

daily volume-weighted average trading price of the Magna Shares for any 10 consecutive trading days is greater than \$1.50 per Magna Share (being \$0.92 per CT Share after giving effect to the Amalgamation). In connection with the Amalgamation, each Magna Share and Magna Warrant issued upon conversion of a Subscription Receipt will be converted into securities of CT based on the Exchange Ratio. As a result, up to 17,501,250 CT Shares (at an effective price of \$0.40 per CT Share) and 8,750,625 CT Warrants (with an exercise price of \$0.615) will be issued in connection with the Amalgamation to subscribers under the Concurrent Financing.

In connection with the Concurrent Financing, Magna has, subject to regulatory approval, agreed to: (i) pay to the Agents, a fee of 6% of the gross proceeds of the Concurrent Financing (less the proceeds from investors on the President's List), payable in cash or Subscription Receipts, or any combination thereof at the option of the Agents; (ii) pay to the Agents, a cash fee of 3% of the proceeds from investors on the President's List; (iii) issue to the Agents compensation warrants ("Compensation Warrants") equal to 6% of the aggregate number of Subscription Receipts issued under the Concurrent Financing (less the number of Subscription Receipts issued to investors on the President's List); and (iv) issue to Canaccord that number of Subscription Receipts as is equal to 1.5% of the aggregate number of Subscription Receipts issued under the Concurrent Financing.

Each Compensation Warrant will entitle the holder thereof to acquire one unit (a "Broker Unit"), each Broker Unit consisting of one Magna Share and one-half of one Magna Warrant, at an exercise price equal to \$0.65 for a period of 24 months following the date on which the Escrow Release Conditions are satisfied. Each Compensation Warrant will be converted into an equivalent security of CT based on the Exchange Ratio and will have an effective exercise price of \$0.40.

The net proceeds of the Concurrent Financing, following satisfaction of the Escrow Release Conditions, will be used for exploration expenditures at the Shakespeare Project and for general working capital purposes.

### Summary of Financial Information of Magna

The following table sets out selected financial information of Magna derived from the audited financial statements of Magna for the three and nine months ended September 30, 2020. Further information will be included in the filing statement being prepared in connection with the Qualifying Transaction, which will be filed on [www.sedar.com](http://www.sedar.com) in due course.

Balance Sheet	As at September 30, 2020
Current Assets	\$286,440
Total Assets	\$983,706
Total Liabilities	\$1,322,789
Total Shareholder's Equity	\$(339,083)
Income Statement	Period ended September 30, 2020
Revenue	\$120
Total Expenses	\$125,791
Net Income (Loss)	\$(69,049)

### For further information, contact:

CT Developers Ltd.  
Norm Eyolfson, CEO  
416.884.8601  
[n.eyolfson@gmail.com](mailto:n.eyolfson@gmail.com)

Magna Mining Corp.  
Jason Jessup, CEO  
[Jason.jessup@magnamining.com](mailto:Jason.jessup@magnamining.com)

*All information contained in this news release with respect to CT and Magna was supplied by the parties, respectively, for inclusion herein, and CT and its directors and officers have relied on Magna for any information concerning such party.*

*Completion of the Qualifying 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 Qualifying Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Qualifying Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or 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 a capital pool company should be considered highly speculative.*

*The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

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

*This news release contains forward-looking statements relating to the timing and completion of the Qualifying Transaction, the future operations of the Company and Magna and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the Qualifying Transaction and the future plans and objectives of the Company and Magna are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the expectations of the Company and Magna include the failure to satisfy the conditions to completion of the Qualifying Transaction set forth above and other risks detailed from time to time in the filings made by the Company and Magna with securities regulations.*

*The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company and Magna. As a result, the Company and Magna cannot guarantee that the Qualifying Transaction will be completed on the terms and within the time disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company and Magna will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.*

SOURCE: CT Developers Ltd.

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