

Lida Resources Inc. Announces Letter Of Intent To Acquire Continental Potash

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[Lida Resources Inc.](#) (CSE: LIDA) ("Lida" or the "Company") has entered into a letter of intent (the "LOI") dated July 6, 2022, with Continental Potash Corp. ("Continental Potash"), a private corporation existing under the laws of British Columbia, pursuant to which Lida is proposing to acquire all of the issued and outstanding securities of Continental Potash (the "Proposed Transaction"), whereby the securityholders of Continental Potash will become securityholders of the combined entity (the "Resulting Issuer"). Upon completion of the Proposed Transaction the Resulting Issuer will continue to carry on the business of Continental Potash as currently constituted. The Proposed Transaction is an arm's length transaction and will constitute a reverse takeover of Lida by Continental Potash. In connection with the Proposed Transaction, the Resulting Issuer currently intends to delist from the Canadian Securities Exchange and will apply to list its common shares on the NEO exchange (together, the "Exchange").

About Continental Potash Corp.

Continental Potash holds an option to acquire up to a 100% interest in certain rights, title and interests (subject to certain royalties) in the Disley Prospect Area located 50 km NW of Regina, Saskatchewan and 215 km SE of Saskatoon, Saskatchewan (the "Property").

Terms of Proposed Transaction and Financing

Pursuant to the terms of the LOI, the existing securityholders of Continental Potash will receive securities of Lida in exchange for their securities of Continental Potash. The final form of the Proposed Transaction will be set forth in a definitive agreement to be entered into among the parties that will replace the LOI (the "Definitive Agreement").

It is expected that on the closing of the Proposed Transaction (the "Closing Date"), Lida will issue pro rata to the shareholders of Continental Potash 36,666,667 common shares (the "Payment Shares") as consideration for 100% of the issued and outstanding common shares of Continental Potash at a deemed price of \$0.25 per Payment Share and will issue 6,666,667 common share purchase warrants (the "Replacement Warrants") exercisable at a price of \$0.25 per Replacement Warrant for a period of 18 months.

Prior to the Closing Date, Continental Potash will complete a brokered private placement (the "Offering") for aggregate gross proceeds of up to \$6,300,000 (subject to a 15% overallotment option), subject to a minimum aggregate net proceeds requirement of \$5,700,000, involving the issuance of (i) up to \$2,000,000 in subscription receipts (the "Sub Receipts") of Continental Potash at a price of \$0.25 per Sub Receipt (the "Subscription Price"); and (ii) up to \$4,300,000 in flow through subscription receipts (the "FT Sub Receipts") of Continental Potash at a price of \$0.30 per FT Sub Receipt (the "FT Subscription Price"). Each one (1) Sub Receipt issued under the Offering will be automatically exchanged into one (1) unit (the "Unit") of the Resulting Issuer, and each (1) FT Sub Receipt issued under the Offering will be automatically exchanged into one (1) flow through unit (the "FT Unit") of the Resulting Issuer, in each case without further payment or action on the part of the holder upon satisfaction of certain escrow release conditions (the "Release Conditions").

Lida and Continental Potash have entered into an engagement letter with Research Capital Corporation (the "Agent"), pursuant to which the Agent has agreed to act as lead agent and sole bookrunner, on a best efforts basis. Upon closing of the Proposed Transaction, all Sub Receipts and FT Sub Receipts issued in connection with the Offering will automatically convert without additional consideration or further action on behalf of the holder into Units and FT Units. Each Unit will consist of one (1) common share of the Resulting Issuer and one-half (1/2) of one share purchase warrant, with a whole warrant (each, a "Warrant") exercisable to purchase one (1) common share (a "Warrant Share") of the Resulting Issuer at an exercise price equal to \$0.50 at any time up to 24 months from the date of issue. Each FT Unit will consist of one (1) common share of the Resulting Issuer and one-half (1/2) of one Warrant.

On closing of the Offering (the "Sub Receipt Closing"), the gross proceeds of the Offering shall be placed in

escrow with a Canadian trust company or other entity acceptable to Lida, Continental Potash and the Agent, to be held in escrow and released either: (i) to the Resulting Issuer (other than the Agents' fees, which shall be released to the Agent) on satisfaction of the Release Conditions; or (ii) to the holders of the Sub Receipts in the event the Release Conditions have not been met by December 31, 2022, or if prior to such date Continental Potash advises the Agent that it does not intend to satisfy the Release Conditions. In the latter case, the Sub Receipts will be cancelled on return of subscription funds to Sub Receipt investors.

Continental Potash has agreed to pay a cash commission of six percent (6%) and an advisory fee of two percent (2%) of the gross proceeds of the Offering to the Agent on satisfaction of the Release Conditions. As additional consideration, the Agent will be granted on the Sub Receipt Closing non-transferable compensation options and advisory options (together, "Compensation Options") equal to an aggregate of eight percent (8%) of the number of Sub Receipts issued under the Offering. On completion of the Transaction, each Compensation Option will be exchanged into a compensation option of the Resulting Issuer and will be exercisable into one Unit at the Subscription Price for a period of 24 months following the date of satisfaction of the Release Conditions. The parties have also agreed to pay the Agent a work fee of \$25,000 (subject to satisfaction of the Release Conditions) and will pay certain expenses of the Agent.

The Resulting Issuer intends to use the net proceeds from the Offering to pay for expenses incurred in connection with the Proposed Transaction, to complete a work program on the Property, for working capital and general corporate purposes.

An aggregate of 2,769,155 common shares of Lida are currently issued and outstanding. Assuming the Offering is fully subscribed (with no exercise of the overallotment option), upon completion of the Proposed Transaction there will be 61,769,155 common shares issued and outstanding in the Resulting Issuer, of which former shareholders of Continental Potash together with subscribers in the Offering will hold 59,000,000 Resulting Issuer shares (95.52%) and current shareholders of Lida will hold 2,769,155 Resulting Issuer shares (4.48%).

In addition, Lida will assume all rights and obligations of Continental Potash under certain agreements that have been or will be entered into by Continental Potash prior to the Closing Date.

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, regulatory and shareholder approval. In addition, completion of the Proposed Transaction is subject to certain standard closing conditions, including the completion of due diligence investigations to the satisfaction of each of Lida and Continental Potash, execution of the Definitive Agreement, completion of the minimum Offering, and there being no material adverse change in the business of Lida or Continental Potash prior to completion of the Proposed Transaction.

The parties also anticipate that in conjunction with and upon closing of the Proposed Transaction, the board of directors of the Resulting Issuer shall be appointed by Continental Potash in consultation with Lida.

It is currently expected that trading in Lida's shares will remain halted pending receipt and review by the Exchange of acceptable documentation regarding the Resulting Issuer following completion of the Proposed Transaction or upon termination of the LOI (or Definitive Agreement).

ON BEHALF OF THE BOARD of DIRECTORS, Lida Resources Inc.

"Anthony Zelen"
Anthony Zelen, Interim CEO

The Canadian Securities 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

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

Cautionary Statement

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and shareholder approval. There can be no assurance that the Proposed Transaction

will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular, filing statement or similar disclosure document to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

Forward-Looking Statements

This news release contains forward-looking statements and information that are based on the beliefs of management and reflect Lida's current expectations. When used in this news release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. The forward-looking statements and information in this news release includes information relating to completion of the Proposed Transaction. The forward-looking information is based on certain assumptions, which could change materially in the future. Such statements and information reflect the current view of Lida with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Lida's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risk that Lida is unable to complete the Proposed Transaction, as expected or at all, the risk that the necessary director, shareholder and regulatory approvals are not obtained or the Proposed Transaction may be terminated prior to completion. When relying on Lida's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Lida has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to above will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF LIDA AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE LIDA MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS

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