

Prophecy Resource Corp. and Northern Platinum Ltd. Sign Business Combination Agreement

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Vancouver, British Columbia -- ([Marketwire](#) - June 15, 2010) - [Prophecy Resource Corp.](#) ("Prophecy") (TSX VENTURE: PCY) (OTCBB: PRPCF) (FRANKFURT: 1P2) and [Northern Platinum Ltd.](#) ("Northern") (TSX VENTURE: NTH) (the "Companies") are pleased to announce that they have entered into a binding letter of agreement (the "Agreement") for a Business Combination through a proposed all share transaction (the "Transaction").

Financial Terms of the Transaction

Pursuant to the Agreement, Prophecy will issue 0.5 common shares and 0.1 warrants for each common share of Northern Platinum held. Each whole warrant will entitle the holder to acquire one additional common share of Prophecy at an exercise price of \$0.80 that will expire 18 months following the Transaction closing date. All outstanding Northern options and warrants will be exchanged for options and warrants of Prophecy as discussed below.

The offer represents approximately \$0.31 per each common Share of Northern Platinum based on Prophecy's closing share price of \$0.62 as at June 14, 2010, representing a premium of 24.5% to Northern's 90 day volume-weighted average price as of June 14, 2010.

Prophecy is also pleased to announce that it has signed a definitive agreement with Belleterre Quebec Mines Ltd, of Quebec, Canada ("Belleterre") to acquire their 50% Back-in right ("Back-in") on Northern Platinum's Wellgreen project (currently 100% Northern with a 50% Back-in right to Belleterre). Upon the successful conclusion of the proposed Prophecy/Northern Business Combination, Prophecy agrees to pay Belleterre \$4.2 million equivalent in a combination of cash and common shares of Prophecy. (\$2.1 million and 3.56 million common shares of Prophecy at a deemed price of \$0.59 per share). Additionally Prophecy will issue 712,000 Prophecy warrants to Belleterre. The warrants issuable to Belleterre will have an 18 month term and an exercise price of \$0.80. Northern holds a right of first refusal on the Back-in.

Highlights of the Transaction

- * Create a mid-tier company with substantial Canadian nickel and Mongolian coal resources including anticipated near term Mongolian coal production.
- * Enable Northern shareholders to also participate in the growth and development of Prophecy's Canadian nickel, copper, molybdenum and vanadium assets in addition to its substantial Mongolian coal assets.
- * Accelerate the development of the Wellgreen Ni-Cu-PGM deposit in Yukon, Canada.
- * 0.50 of a Prophecy common share per Northern common share held, valuing Northern at approximately C\$11 million on a fully diluted basis.
- * 0.10 of a Prophecy warrant per Northern common share held, providing Northern shareholders with additional upside.
- * Provide Northern shareholders with improved trading liquidity.
- * Will consolidate 100% of Wellgreen property into Prophecy ownership.

Prophecy and Northern are pleased to report that certain of Northern Platinum's shareholders, collectively holding 11 million common shares and 5 million warrants representing approximately 43% of Northern's common shares on a fully diluted basis, have entered into lock-up agreements with Prophecy to vote in favor of the Transaction, to the extent permitted by law. Those shareholders include John Lee and G. Arnold Armstrong, who are directors of Prophecy.

John Lee, Co-Chairman and CEO of Prophecy, said, "Prophecy's focus is open pittable Mongolian coal and Canadian nickel pgm projects. Wellgreen fits nicely into our nickel sulphide pipeline with our Lynn Lake Manitoba project leading the way and our 10% stake in Victory Nickel providing extra leverage. We are commissioning our Mongolian coal operations to production this year and the eventual goal is to become a diversified mid-tier coal and nickel producer."

Further Detail Regarding the Transaction

It is contemplated that the Transaction will be a Business Combination of Prophecy and Northern and will be completed by way of a Plan of Arrangement, structured in such a way that will result in the financial terms of the Transaction being met. The parties have agreed to complete the Transaction by September 1, 2010.

As a result of the Transaction, all existing warrants, options and other rights to acquire common shares of Northern will be exchanged for options and warrants of Prophecy such that each former Northern option and warrant will be exchanged for a Prophecy option or warrant, respectively, exercisable for that number of Prophecy shares that is equal to the number of Northern Shares that would otherwise have been issuable thereunder multiplied by 0.50 with the exercise price of such Prophecy option or warrant being adjusted to equal the exercise price of the applicable Northern option or warrant divided by 0.50.

Completion of the Transaction is conditional upon:

- * Northern shareholders having approved the Transaction;
- * receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the "Exchange");
- * receipt of approval of the British Columbia Supreme Court, if applicable;
- * certain other customary conditions.

Northern has retained M Partners to act as its financial advisor in connection with the Transaction.

Prophecy's Key Assets

The Ulaan Ovoo Coal Project (Mongolia)

The 100% owned Ulaan Ovoo project is located within 10 km of the Russian border, northern Mongolia and is 120km (75 miles) east of the Central Mongolian Railroad which links the project to the vast coal markets of Russia and Asia.

On May 11, Prophecy entered into a mine services agreement with Leighton Asia Ltd. for the equipment leasing and mining operation at the Ulaan Ovoo coal deposit. Mine site establishment will commence in July, 2010 with an anticipated 250,000-tonne production in 4th quarter 2010 and 2 million tonnes annually by 2011. The pay-as-you-go contract mining and equipment leasing cost for 2010 is \$3.7 million.

The project contains 174.5 million tons Measured, 34.3 million tons Indicated and 35.9 million tons of Inferred thermal coal resources. The coal is of excellent low ash (

The Mongolian government has granted the Ulaan Ovoo project a 30 year mining license that can be extended by an additional 40 years.

The Chandgana Tal and Chandgana Khavtai Coal Projects (Mongolia)

The Chandgana Tal and Chandgana Khavtai coal projects are both 100% owned by Prophecy. The projects share the same Nyalga Basin coal seam and are both contiguous to Vale's (formerly CVRD) largest Mongolian coal project. The Chandgana projects contain a combined total of 819.7 million tons Measured and Indicated and 440 million tons of Inferred thermal coal resources. (Specifically: Chandgana Tal, 141.3 million tons Measured resources, and Chandgana Khavtgai, 188.7 Measured resources, 489.7 Indicated resources and 440 Inferred resources) Both projects have extremely low stripping ratios, 0.53:1 in the case of Chandgana Tal and 2.1:1 in the case of Chandgana Khavtgai with respective average coal seam thicknesses of 40 and 45.4 metres. Both the Chandgana's coal qualities are of desirable low ash, low sulfur content with KCAL/KG LB averaging up to 4,358.

The Lynn Lake Nickel Project

In October 2009, Prophecy entered into an agreement to acquire a 100% interest in The Lynn Lake Nickel Project from Victory Nickel Inc. (TSX: NI). The deposit is in Manitoba, Canada, which is mining friendly and also adjacent to a power line, rail line, and airport. Lynn Lake contains Measured and indicated mineral resources of 22.9 million tons of grading, of 0.57% nickel and 0.30% copper (Wardrop Technical Report Jan, 2010). Approximately 50% of the host rock remains unexplored. An exciting Disco Zone discovery was made in 2008, which includes intercepts of 47 meters of 0.7% nickel located 1.5km away from the outlined resource. Prophecy recently completed extensive induced polarization (geophysics) programs and has initiated bulk tonnage metallurgical testing at Lynn Lake in preparation for a combination of infill and exploratory drill programs and a forthcoming feasibility study at Lynn Lake.

The information concerning the current mineral properties controlled by Prophecy, as described in this news release, has been reviewed and approved by Danniël Oosterman, P.Geo., a Prophecy Geologist and a Qualified Person under National Instrument 43-101.

Northern's Key Assets

The Wellgreen Project

The Wellgreen property covers an area of approximately 22 square miles in the Yukon Territory, Canada. The property has easy road access, being 14 kilometres southwest of the Alaska Highway and 317 kilometres northwest of Whitehorse.

ON BEHALF OF THE BOARD OF DIRECTORS of

Prophecy Resource Corp.

John Lee
Co-Chairman and CEO

Northern Platinum Limited

Mel de Quadros
President and CEO

Cautionary Statements: Completion of the transaction is subject to a number of conditions, including regulatory approval, shareholder approvals, completion of satisfactory due diligence, a definitive agreement and approval of the British Columbia Supreme Court if applicable. 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 Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the Business Combination may not be accurate or complete and should not be relied upon. Trading in the securities of exploration and development stage resource companies should be considered highly speculative.

Forward Looking Statements: This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including, without limitation, statements regarding potential mineralization, the estimation of mineral resources, the realization of mineral resource estimates, interpretation of prior exploration and potential exploration results, the timing and success of exploration activities generally, the timing and results of future resource estimates, permitting time lines, metal prices and currency exchange rates, availability of capital, government regulation of exploration operations, environmental risks, reclamation, title, and future plans and objectives of the companies are forward-looking statements that involve various risks and uncertainties. Although Northern and Prophecy believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are based on a number of material factors and assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in project parameters as plans continue to be refined, results of future resource estimates, future metal prices, availability of capital and financing on acceptable terms, general economic, market or business conditions, risks associated with operating in foreign jurisdictions, uninsured risks, regulatory changes,

defects in title, availability of personnel, materials and equipment on a timely basis, accidents or equipment breakdowns, delays in receiving government approvals, unanticipated environmental impacts on operations and costs to remedy same, and other exploration or other risks detailed herein and from time to time in the filings made by the companies with securities regulators. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral exploration and development of mines is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on Northern and Prophecy and the risks and challenges of their businesses, investors should review their annual filings that 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.”

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