

Prophecy Resource Corp. and Northern Platinum Ltd. Sign Definitive Agreement, Northern Shareholder Meeting Set for September 3

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Vancouver, British Columbia -- ([Marketwire](#) -- 07/16/10 -- [Prophecy Resource Corp.](#) ('Prophecy') (TSX VENTURE: PCY) (OTCBB: PRPCF) (FRANKFURT: 1P2) and [Northern Platinum Ltd](#) ('Northern') (TSX VENTURE: NTH) (together, the 'Companies') are pleased to announce that they have signed a definitive agreement (the 'Arrangement Agreement') in connection with the business combination (the 'Transaction') announced in their joint news release dated June 15, 2010. Prophecy has agreed to issue 0.5 common shares and 0.1 warrants (an 'Arrangement Warrant') for each common share of Northern Platinum. Each whole Arrangement 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.

The Transaction will be effected by way of court approved statutory plan of arrangement under the Business Corporations Act (British Columbia) involving Prophecy, Northern and its securityholders. Northern will amalgamate with a wholly owned subsidiary of Prophecy and all of the securityholders of Northern will exchange their Northern securities for securities of Prophecy (the 'Securities Exchange').

In order to make the Transaction efficient from a taxation perspective, pursuant to the Arrangement, Northern will issue to all of its shareholders, an option to acquire 0.20 of a Northern share at a price of \$0.40 per share for a period of 18 months (a 'Northern Arrangement Option') and each Northern Arrangement Option will be exchanged for an Arrangement Warrant.

The Securities Exchange will be conducted such that for each one share of Northern held, a Northern shareholder will receive 0.50 of a common share of Prophecy and 0.1 of an Arrangement Warrant. Holders of convertible securities of Northern will receive convertible securities of Prophecy such that each former Northern security will be exchanged for a Prophecy security, 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 convertible security being adjusted to equal the exercise price of the applicable Northern convertible security divided by 0.50.

As a result of the Transaction, the Northern securityholders will become Prophecy securityholders, Northern will become a wholly owned subsidiary of Prophecy and Northern will apply for voluntary delisting of its common shares from the TSX Venture Exchange. Following the Transaction, Prophecy will have a total of approximately 121,173,794 shares issued and outstanding, as well as options and warrants entitling holders to purchase approximately 37,310,490 common shares.

Prophecy formed a special committee comprised of two independent directors, the mandate of which was to consider the fairness of the Transaction and the Arrangement. Northern retained M Partners Inc. to act as its financial advisor to consider the fairness of the Arrangement to the shareholders of Northern from a financial point of view.

In addition, as at the date hereof, certain shareholders of Northern who hold an aggregate of 11 million common shares and 5 million warrants, representing approximately 43% of Northern's common shares on a fully diluted basis, have signed support agreements pursuant to which they have agreed to vote all of the Northern shares beneficially owned by them in favour of the Transaction.

Required Approvals

The Transaction is subject to customary conditions, including receipt of regulatory, shareholder and court approvals.

Northern has scheduled an annual and special meeting of its shareholders to be held on September 3, 2010 at which it will seek the shareholder approvals required in connection with the Transaction. It is anticipated that materials for such meeting will be mailed to Northern shareholders on or about August 6, 2010. Subject

to satisfaction of all conditions, completion of the Transaction is expected to occur on or before September 10, 2010.

ON BEHALF OF THE BOARD OF DIRECTORS OF PROPHECY RESOURCE CORP.

John Lee
Co-Chairman and CEO

ON BEHALF OF THE BOARD OF DIRECTORS OF 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, and approval of the British Columbia Supreme Court. There can be no assurance that the Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in this news release and the Management Information Circular 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 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 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 general economic, market or business conditions, and other risks detailed herein and from time to time in the filings made by the companies with securities regulators. 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.

This press release does not constitute an offer to sell or a solicitation to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended ('the U.S. Securities Act') or any state securities law and may not be offered or sold in the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

'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.'

Contacts:

Prophecy Resource Corp.
John Lee
Co-Chairman and CEO
1-800-851-1528
john@prophecyresource.com
www.prophecyresource.com

Northern Platinum Limited
Mel de Quadros
President and CEO
(604) 669-2066
info@northernplatinum.com
www.northernplatinum.com

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