

Labrador Iron Ore Royalty Corporation - Shareholder Meeting to Amend Business Restrictions

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TORONTO, June 18, 2018 /CNW/ - [Labrador Iron Ore Royalty Corp.](#) ("LIORC") (TSX: LIF) announced today that its Board of Directors has determined to call a special meeting of shareholders, expected to be held in September, 2018, to seek approval of an amendment to LIORC's articles of incorporation to provide LIORC with the flexibility to invest in additional non-operating metal or mineral assets, including royalties and streams, and issue shares to finance such investments.

The management and the Board of Directors of LIORC have 23 years' experience successfully managing the iron ore royalty of Iron Ore Company of Canada ("IOC") and have created significant value for shareholders. From time to time, they become aware of promising investment opportunities which could provide diversity to its revenue sources and be accretive to net income and shareholder value. Recently, they became aware of an opportunity to invest in a producing royalty on a very high-quality base metal asset. The Board of Directors has determined that this opportunity is attractive and accretive to shareholder value and should be acted upon quickly. The current LIORC articles, which require supermajority shareholder approval prior to completing such an investment, make it practically impossible to purchase additional royalties at competitive prices. Sellers have legitimate concern with the delay and uncertainty associated with the requirement for LIORC to seek shareholder approval prior to completing, and possibly financing, the acquisition, and thus may ask for large break fees or favour others who do not have these restrictions. Passage of the proposed amendment to the articles would allow LIORC to pursue attractive non-operating metal or mineral royalties like the one currently being contemplated.

Specifically, the proposed amendment contemplates a change to the restrictions placed on LIORC's business to permit it to invest in additional non-operating metal or mineral assets, a reduction in the supermajority shareholder approval threshold for certain fundamental matters from 75% to 66 2/3% and the elimination of the requirement to obtain shareholder approval for the issuance of additional shares. The business restrictions and the requirement to seek supermajority shareholder approval contained in LIORC's articles fetter the discretion of the Board of Directors to manage, or supervise the management of, the business and affairs of LIORC in accordance with the Canada Business Corporations Act (the "CBCA"). These restrictions were first introduced upon formation of Labrador Iron Ore Royalty Income Fund (the "Fund"), a limited purpose trust, pursuant to a declaration of trust dated October 5, 1995. These restrictions were then carried forward upon the conversion of the Fund into LIORC under the plan of arrangement completed on July 1, 2010. Since that time, the market has developed to the point where metal streams and royalties have become more commonplace. Managing the IOC royalty will continue as LIORC's main focus but, as the recent nine-week labour disruption at IOC demonstrated, there are disadvantages in relying on a single source of revenue to cover costs and the payment of dividends.

Upon the amendment of these restrictions, shareholders will enjoy all of the rights and protections afforded to shareholders of a TSX-listed CBCA corporation (including with respect to corporate law duties on directors and officers and the requirement to obtain shareholder approval of fundamental changes and certain dilutive share issuances), ensuring that their interests continue to be adequately protected. The Board of Directors believes these measures, which are consistent with those enjoyed by shareholders of other TSX-listed CBCA corporations, are appropriate to protect the interests of LIORC's shareholders.

Additional details regarding the special meeting and the proposed resolution to amend the articles will be included in a management information circular to be sent to LIORC's shareholders in the coming weeks. The management information circular will also be filed with the applicable Canadian securities regulators and will be available on SEDAR at www.sedar.com.

Forward-Looking Statements

This news release contains "forward-looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "would", "anticipate" and other similar terminology are intended to identify forward-looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly, including iron ore price and volume volatility, exchange rates, the performance of IOC or any other LIORC investments, market conditions in the steel industry, mining risks and insurance, relationships with aboriginal groups, changes affecting IOC's customers, competition from other iron ore producers, estimates of reserves and resources and government regulation and taxation. A discussion of these factors is contained in LIORC's annual information form dated March 8, 2018 under the heading, "Risk Factors". Although the forward-looking statements contained in this news release are based upon what management of LIORC believes are reasonable assumptions, LIORC cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and LIORC assumes no obligation, except as required by law, to update any forward-looking statements to reflect new events or circumstances. This news release should be viewed in conjunction with LIORC's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.
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