

# MBMI Resources Inc. Announces Going Private Transaction

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Markham, January 10, 2020 - [MBMI Resources Inc.](#) (NEX: MBR.H) (the "Company" or "MBMI") announces that it has entered into a binding support agreement (the "Support Agreement") with Techlink Venture Limited ("Techlink") for a going private transaction (the "Going Private Transaction") to be completed by way of consolidation of the Company's issued and outstanding common shares on the basis of one post-consolidation common share for every 360,000 pre-consolidation common shares (the "Consolidation").

As of the date of this press release, the Company has 3,975,755 common shares issued and outstanding. Techlink is the largest shareholder of the Company, holding 360,000 common shares representing 9.05% of the total issued and outstanding common shares of the Company. In connection with the proposed Consolidation, each holder of common shares of the Company, other than Techlink (the "Non-Techlink Shareholders") is entitled to receive \$0.13 in cash for each common share held immediately prior to the Consolidation being effected (the "Consideration"). Fractional shares will not be issued under the Consolidation and all fractional shares resulting from the Consolidation will be cancelled, which will result in Techlink being the sole shareholder of the Company holding one post-consolidation common share after giving effect to the Consolidation.

Pursuant to the terms of the Support Agreement and for the purpose of facilitating the Consolidation, the Company is required to continue from the Province of Ontario pursuant to the Business Corporations Act (Ontario) to the Province of British Columbia pursuant to the Business Corporations Act (British Columbia) (the "Continuance") prior to implementing the Consolidation. In addition, Techlink agreed to provide a term loan to the Company (with a term of at least 24 months) for an amount equal to the amount required by the Company to implement the Consolidation, pay the Consideration for the Consolidation to the Non-Techlink Shareholders and carry on its business as a solvent company.

Once the Consolidation is completed, the Company intends to apply to have its common shares delisted (the "Delisting Application") from the NEX Board of the TSX Venture Exchange (the "Exchange") and intends to apply to cease to be a reporting issuer with the applicable securities regulatory authorities.

The proposed Consolidation is not a "Business Combination" or a "Related Party Transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). As a result, the proposed Consolidation is not subject to the minority shareholders' approval and formal valuation requirements under MI 61-101. However, pursuant to the policies of the Exchange, a "majority of minority" shareholder approval is required for the Delisting Application. In addition, the proposed Continuance and Consolidation are required to be approved by special resolutions of the Company's shareholders holding not less than two-thirds majority of the votes casted at the Company's shareholders' meeting.

The Company has scheduled a special meeting of shareholders on March 6, 2020 (the "Meeting") to seek its shareholders' approval for, among other things, the Continuance, the Consolidation and the Delisting Application. Shareholders of record as of January 29, 2020 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment or postponement thereof. While a formal valuation is not required for the Going Private Transaction under the applicable securities laws, the Company has retained Evans & Evans, Inc., an independent professional valuator, to prepare a fairness opinion regarding the Consolidation. Further detail with respect to the Consolidation, including a copy of the fairness opinion, will be included in the Management Information Circular to be mailed by the Company to its shareholders in connection with the Meeting, and will be filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

It has been four years since the last material development in the Company's efforts to reinstate the cancelled Financial and Technical Assistance Agreement (the "FTAA") which, if reinstated, would allow large-scale exploration, development and utilization of minerals on the Company's Palawan properties in the Philippines. Over the past few years, the Company has been relying on small annual private placements and debt financings to maintain operations and pay expenses related to maintaining its status as a listed reporting issuer. Due to the uncertainty in the outcome of the Company's efforts to restate the cancelled FTAA, it has become increasingly difficult for the Company to continue raising funds through private placement and debt financing. In recommending the shareholders to vote in favour of the Continuance, the Consolidation and the Delisting Application, the Board of Directors of the Company believe that the proposed Consolidation and the

Delisting Application, if implemented, will significantly reduce the financial burden of continuing the Company's operations as a listed reporting issuer. In addition, the Company's common shares are thinly traded and offer little liquidity opportunity for its shareholders. The Board believes that the proposed Consolidation provides the shareholders with a meaningful liquidity event to realize the value for their shares.

The Board cautions shareholders and others considering trading in the Company's common shares that completion of the Consolidation and the Delisting Application remains subject to a number of conditions including, but not limited to, receipt of all regulatory and shareholder approvals and satisfaction of other closing conditions customary in a transaction of this nature.

If the Company receives the requisite shareholder approval for the Continuance, the Consolidation and the Delisting Application at the Meeting and all other conditions for the completing the Consolidation are met, the Company anticipates completing the Continuance and the Consolidation as soon as practicable following the Meeting. If approved, trading of the Company's shares on the Exchange will be voluntarily halted effective the close of business on the date of the Meeting before the Consolidation being effected in order to minimize settlement and entitlement issues.

### **About MBMI Resources Inc.**

[MBMI Resources Inc.](#) is a Canadian-based mining company which operates 7 nickel mineral properties in the Philippines, which include the Alpha Property, Bethlehem Property and Northern Rio Tuba Property located in Palawan Philippines covering an area of 12,560 hectares (collectively, the "Palawan Properties"), and the Borongan-Maydolong Property, Gen. McArthur-Llorente Property, Balangiga-Giporlos Property and Homohon Island Property in Samar, Philippines covering an area of 10,150 hectares (collectively, the "Samar Properties").

The Company's principal properties, the Palawan Properties, have been subject to a dispute (the "FTAA Dispute") which led to a decision by the Office of the President of the Philippines on April 19, 2011 (the "OP Decision") that cancelled a Financial and Technical Assistance Agreement (the "FTAA") granted in April 2010 for the Palawan Properties. The FTAA, if reinstated, would allow large-scale exploration, development and utilization of minerals on the Palawan Properties.

Through a series of transactions from September 2012 to March 2014 involving the sale of the company's ownership in the operating companies (the "Operating Company") that own and control the Palawan Properties and their respective holding companies, the Company's ownership in the Palawan Properties have been sold to DMCI Mining Corporation, a Philippines based mining company (the "Purchaser") for an aggregate purchase price of US\$25.2 million (the "Sale Transactions"). The closing of Sale Transactions is subject to a number of closing conditions which include, among other things, the reinstatement of the cancelled FTAA.

As a result of the Sale Transactions and the FTAA Dispute, the Company has suspended its exploration and development operations in all of its properties to focus its efforts and resources on the reinstatement of the cancelled FTAA in order to conclude the Sale Transactions.

On December 9, 2015, the First Division of the Philippine Supreme Court issued a favourable decision (the "SC Decision") declaring null and void the decision of the Philippine Court of Appeals which affirmed the OP Decision without prejudice to any other appropriate remedy the parties may take against each other. It is important to note, however, that while the SC Decision is the final court decision with respect the FTAA Dispute, it is not a direct ruling with respect to the re-instatement of FTAA that would allow the Company to meet the closing conditions of the Sale Transactions. Therefore, following the SC Decision, the Operating Companies have commenced work on the documentation required to re-engage the Office of the President regarding the reversal of the OP Decision and reinstatement of the FTAA pursuant to the SC Decision. Since there is no assurance that the Office of the President of Philippines will reinstate the FTAA, the Company, the Operating Companies and the Purchaser are concurrently evaluating other recourses including, but not limited to, binding arbitration proceedings in accordance with the dispute resolution mechanism set out in the FTAA as sanctioned by the SC Decision.

### **Disclosure regarding forward-looking statements**

*This press release contains projections and forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company. These risks and uncertainties could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking*

*information. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice.*

*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.*

**For more information, please contact:**

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