

# DV Resources Ltd. Announces Acquisition of DeepGreen Resources Inc

30.05.2017 | [FSCwire](#)

Vancouver - [DV Resources Ltd.](#) ("DV" or the "Company") (TSXV – DLV.H) is pleased to announce that it has entered into an arms-length binding letter agreement dated May 16, 2017 (the "Letter Agreement") with DeepGreen Resources Inc. ("DeepGreen") providing for the acquisition (the "Acquisition") by the Company of all the shares of DeepGreen pursuant to a three cornered amalgamation ("the RTO").

Trading in the common shares of the Company has been halted in accordance with the policies of the TSX Venture Exchange (the "Exchange") and will remain halted until such time as all required documentation has been filed with and accepted by the Exchange and permission to resume trading has been obtained from the Exchange. Since the common shares of the Company are listed on the NEX market of the Exchange, and the Acquisition does not constitute a Related Party Transaction under the policies of the Exchange, the Company is not required to seek shareholder approval for the Acquisition.

## About DeepGreen

DeepGreen Resources Inc. is a private Canadian company focussed on producing clean metals from high-grade seafloor polymetallic nodules containing Nickel, Copper, Cobalt and Manganese. DeepGreen is pursuing two projects in international waters west of Mexico through its wholly owned subsidiaries, Nauru Ocean Resources Inc. ("NORI") and DeepGreen Engineering Pte. Ltd ("DGE"). DeepGreen's NORI Area D Project ("NORI D Project"), which is conducted in cooperation with the Republic of Nauru, is advancing the project through the completion of key environmental and engineering milestones. DGE holds patents for a processing technology that maximizes metal recovery from polymetallic nodules while minimizing waste. DeepGreen has spent approximately US\$ 19 million.

## Maersk Supply Service A/S

On the 21st of March 2017, DeepGreen signed an agreement with Maersk Supply Service A/S (Maersk Supply Service), to supply vessels and offshore services for a total of five marine campaigns during the period 2017 through 2019. The vessels will support environmental studies of the seabed reaching a water depth of 4000+ meters and for testing of a nodule harvester prototype. Maersk Supply Service's service contribution of approximately US\$25 million will convert to DeepGreen common shares @ US\$1.25 per share with conversion upon completion of each cruise.

Maersk Supply Service provides marine services and integrated solutions to the energy sector worldwide. Maersk Supply Service is the market leader in deep-water services such as anchor handling in ultra-deep water, mooring installations, rig moves and transport of equipment to drilling rigs and production units. Maersk Supply Service employs an international staff of approximately 1,100 offshore and 200 onshore people. Headquartered in Lyngby, Denmark, Maersk Supply Service is represented globally with offices in Aberdeen, St. John's, Rio de Janeiro, Lagos, Luanda, Singapore and Perth. Maersk Supply Service is a part of the stand-alone Energy division of A.P. Møller – Mærsk A/S.

## Glencore International AG

On the 25th of May, 2012, DeepGreen and DGE signed an agreement with Glencore International AG ("[Glencore](#)"). This was in the form of an off-take agreement whereby DeepGreen agreed to deliver to Glencore 50% of the annual quantity of copper material and 50% of the annual quantity of nickel material produced by DGE from ore derived from the NORI Area at a metallurgical installation for processing ore from the NORI Licence Area directly owned or controlled by DGE. Glencore subscribed for 2 million DeepGreen shares at CDN\$2.50.

Glencore is one of the largest global diversified natural resource commodity companies in the world, producing and trading more than 90 commodities.

## The International Seabed Authority

In July 2011, NORI was granted an exploration contract by the International Seabed Authority ("ISA"), under which it has the exclusive rights to explore for polymetallic nodules for 15 years in the Clarion Clipperton Zone ("CCZ") of the Pacific Ocean, subject to compliance with its exploration contract terms, and the priority right to apply for an exploitation contract to mine polymetallic nodules in the same area. The NORI contract area comprises four separate regions, NORI Areas A, B, C and D, with a combined area of 74,830 km<sup>2</sup> (approximately the same size as the land mass of Scotland). The ISA has to date granted exploration contracts for polymetallic nodules to 17 parties including China Minmetals and a subsidiary of Lockheed Martin.

The ISA is an autonomous international organization established under the United Nations Convention of the Law of the Sea ("Convention") and the 1994 Implementation Agreement to organize and control activities in the CCZ and elsewhere in international waters (the "Area"), particularly with a view to administering and regulating the development of the resources of the Area in accordance with the legal regime established in the Convention and the 1994 Implementation Agreement.

The ISA, which has its headquarters in Kingston, Jamaica, came into existence on 16 November 1994, upon the entry into force of the Convention.

The ISA is made up of the parties to the Convention (numbering 167 States Parties and the European Union). The United States of America is currently not a party to the Convention. All rules, regulations, and procedures issued by the ISA to regulate prospecting, exploration, and exploitation of marine minerals in the Area are issued within a general legal framework established by the Convention and the 1994 Implementation Agreement.

### **Proposed Acquisition**

Pursuant to the Letter Agreement, the Company and DeepGreen have agreed to effect the RTO by way of a three-cornered amalgamation pursuant to which DeepGreen will amalgamate with a wholly-owned subsidiary of the Company, and all of the shares of DeepGreen (each, a "DeepGreen Share") issued and outstanding prior to closing will be acquired by the Company from the existing holders thereof in consideration of the issuance of one Post-Consolidated DV Share (as defined below) for each DeepGreen Share so held for a total of 92,761,912 Post-Consolidated Shares DV Shares to be issued to such DeepGreen securityholders. In addition, all of the 6,432,544 outstanding stock options of DeepGreen will be exchanged for stock options to acquire Post-Consolidated DV Shares, based on the same terms as the existing options. Pursuant to its Mandate Agreement with the Company Fiore Management & Advisory Corp. ("Fiore") will be issued 1,983,889 common shares of Post-Consolidated DV shares. Upon completion of the RTO approximately 126,887,050 Post-Consolidated DV shares will be issued and outstanding.

Prior to the completion of the Acquisition, the Company will continue its corporate existence from Ontario to British Columbia and then consolidate its issued and outstanding common shares (the "Consolidation") on the basis of one "new" common share (a "Post-Consolidated DV Share") for every 3.5 "old" DV common shares outstanding, and change its name to a name similar to that of DeepGreen's or such other name as may be agreed to between the Company and DeepGreen.

The Letter Agreement contains customary terms and conditions for a transaction of this nature, including covenants applicable to each of the parties until closing of the Acquisition regarding their respective businesses and affairs, and certain standstill provisions. The parties are finalizing a definitive agreement (the "Definitive Agreement") with respect to the Acquisition, which will contain the terms and conditions set out in the Letter Agreement and such other terms and conditions as set out in the Letter Agreement.

### **Private Placement**

DeepGreen proposes to complete a non-brokered private placement of up to 16,000,000 subscription receipts (the "Subscription Receipts") to raise up to US\$20 million, or such other amount as the Company and DeepGreen may determine, at a price of US\$1.25 per Subscription Receipt (the "Financing"). Completion of the Financing is a condition to the completion of the Acquisition.

The gross proceeds from the Financing will be held in escrow and released to DeepGreen: (a) as to US\$1 million in May 2017, US\$3 million in June 2017 and if the RTO has not closed \$2 million in July 2017 based on approved budgets to allow DeepGreen to meet its targeted September Cruise with Maersk and (b) the balance of US\$14 million on the satisfaction or waiver of all conditions precedent to the completion of the Acquisition ("Release Condition"). In the event the Release Condition is not met by August 31, 2017, or such later date as the Company and DeepGreen may determine, the gross remaining proceeds will be returned to

certain subscribers without interest or deduction and the Subscription Receipts with respect thereto will be automatically cancelled.

The net proceeds of the Financing will be used to fund marine cruises for environmental baseline studies, initiate offshore and onshore development programs, and for general corporate purposes.

### **Conditions Precedent to Completing the Acquisition**

The parties' obligations to complete the Acquisition are subject to the satisfaction of a number of conditions, including but not limited to, completion of the Financing, Exchange approval, and other conditions customary for a transaction of this nature.

### **Proposed Directors and Senior Officers of the Resulting Issuer**

Upon closing of the Acquisition, it is proposed that the board of the Resulting Issuer shall be reconstituted to be comprised of five members David Heydon, Sam Englehardt, Brian Paes-Braga, Paul Matysek and Gerard Barron. Gerard Barron will be the CEO, Robert Heydon COO, Jon Machin Head of Offshore, Dr. Samantha Smith Head of Environmental and Social.

#### **Gerard Barron Chief Executive Officer and Board Director**

In 2011, Gerard and David Heydon teamed up to found DeepGreen. In 2001 he founded Adstream, and remained CEO of the business until December 2013. During that time Adstream grew from a single office in Sydney to over 40 offices in 30 countries around the world and over \$100 million in global revenue per year. Gerard has also been a first money investor in industry-leading companies including Nautilus Minerals and Sirtex Medical.

#### **Chief Operating Officer: Robert Heydon**

With a degree in Law (Hons) and Business Management from the University of Queensland, Robert has been instrumental in pioneering 21st century private sector mineral exploration in the international seabed area. He has been involved in the deep sea mining industry for over a decade and has played a key role in progressing the development of national and international legal frameworks regulating seafloor mining. Along with overseeing successful seafloor mineral exploration and metallurgical processing programmes, Robert has pioneered deep sea mineral ventures with Pacific Island countries. Previously, Robert worked for Nautilus Minerals Inc., and was a member of the UNEP/GRID-Arendal Steering Committee for the Pacific Marine Minerals and Deep Sea Mining Assessment.

#### **Head of Offshore: Jon Machin**

Jon Machin has 30 years of experience at the forefront of deep water engineering and technology, having held senior management positions in the technical and commercial departments within leading organizations in the oilfield sector. He has a remarkable track record of design and has built numerous Remote Operated Vehicles and 'extreme' machines that engage the seafloor, including trenchers for pipelines, cable laying equipment and deep water dredgers. With David Heydon, he jointly conceived the ROV drill to overcome limitations of conventional drill ships in the marine minerals industry.

#### **Head of Environmental and Social: Dr. Samantha Smith**

Dr. Smith previously headed Nautilus Mineral's deep sea environmental program where she was responsible for managing impact assessments and permitting Nautilus' seafloor mining project. Dr. Smith's environmental impact assessment work resulted in Nautilus being granted an environment permit for the development of their seafloor mining project and additionally secured Nautilus' 20-year Mining Lease for its deep sea mining project.

#### **David Heydon - Director**

David Heydon is the Founder and original CEO of DeepGreen. Previously, he was the Founding President and CEO of the Nautilus Minerals Inc. establishing it as the world's leader in deep sea metals exploration.

While at Nautilus, he attracted the backing of leading mining companies such as Placer Dome (now Barrick Gold), Teck Resources, Anglo American. Heydon also led the Initial Public Offering ("IPO") of Nautilus on the TSX and AIM, and raised over US\$360 million. Additionally, David is a director of the International Marine Minerals Society and a member of the Engineering Committee on Oceanic Resources (ECOR) Specialist Panel on deepwater mining. David is also a recipient of The Moore Medal in 2012 for his role in establishing an industry for the deep-sea mining of seafloor massive sulfides.

#### **Brian Paes Braga – Director**

Brian Paes-Braga, CIM, is founder and CEO of LiTHIUM X Energy Corp. He is also a Partner at Fiore Corporation, focused on capitalizing and building resources companies including Lithium X Energy Corp., Leagold Mining Corporation, Pentanova Energy Corp., among others. Mr. Paes-Braga has spent almost a decade in the international financial sector working with firms ranging in services from underwriting, mergers and acquisitions, asset management, venture capital and private equity.

#### **Paul Matysek – Director**

Paul Matysek is a proven company builder with over 30 years of experience in the mining industry, having sold four companies in the past decade creating shareholder value in excess of \$2.5 billion. He built Energy Metals Corporation which sold to UraniumOne in 2007 for \$1.8 billion, Potash One which sold to K+S Ag for \$434 million in 2011, Lithium One which merged with Galaxy Resources for \$112 million in 2012 and most recently sold Goldrock Mines Corp to Fortuna Silver Mines for \$178 million in July 2016. He is currently Executive Chairman of Lithium X Energy Corp.

#### **Sam Englehardt - Director**

Sam Englehardt has been a partner and managing director at Lambert Media Group (LMG) since 2007, responsible for developing new investment opportunities and overseeing a portfolio of private equity investments that includes Rave Motion Pictures (sold to Cinemark), Gold Class Cinemas (sold to iPic Theaters), Concord Music Group (sold to Wood Creek Capital), Village Roadshow Pictures and Demarest Films. Englehardt previously worked for some of the world's largest law firms and was a Vice President at Alliance Bernstein, an asset management company with over \$750 Billion under management. He earned his J.D. from Harvard Law School.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. 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 laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available

Completion of the Acquisition is subject to a number of conditions, including but not limited to, acceptance by the Exchange and if applicable pursuant to the Exchange requirements, majority of the minority shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

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

The Exchange has in no way passed upon the merits of the Acquisition and has neither approved nor disapproved the contents of this news release. Neither the Exchange nor its Regulation Services Provider (as that term is defined in policies of the Exchange) accepts responsibility for the adequacy or accuracy of this news release.

On behalf of DV RESOURCES LTD.

"Geir Liland"  
Chief Executive Officer

**For further information please contact:**

[DV Resources Ltd.](#)

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**Forward-Looking Information**

*Except for the statements of historical fact, this news release contains "forward-looking information" within the meaning of the applicable Canadian securities legislation that is based on expectations, estimates and projections as at the date of this news release. The information in this news release about the completion of the Acquisition described herein, and other forward-looking information includes but is not limited to information concerning the intentions, plans and future actions of the parties to the Acquisitions described herein and the terms of the Acquisition.*

*Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, risks related to the Company's or DeepGreen's inability to satisfy a condition precedent to the completion of the Acquisition (including obtaining necessary regulatory approvals and completion of the Financing), other risks related to completion of the Acquisition and risks related to the inability of either of the Company or DeepGreen to perform its respective obligations under the Acquisition.*

*The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this news release, the Company has made assumptions about the Company's ability to complete the Acquisition. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.*

*Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.*

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Source: DV Resources Ltd. (TSX Venture:DLV.H)

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