

# Uranium North and Diamonds North Agree to a Strategic Business Amalgamation

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - Dec. 5, 2012) - [Diamonds North Resources Ltd.](#) (TSX VENTURE: DDN) and [Uranium North Resources Corp.](#) (TSX VENTURE:UNR) ("the Companies") announce they have entered into a Letter Agreement to amalgamate. The amalgamated corporate entity will be called [Adamera Resources Corp.](#) with a primary focus on its Washington State strategy to implement aggressive and accelerated drill campaigns to discover high grade gold deposits.

## Rationale

The amalgamation of Diamonds North and Uranium North is logical as the two companies currently hold the same material properties in Washington State and they share management and exploration teams. Both companies have independently concluded that it is of highest priority to have these gold projects under unified ownership. It is anticipated that a combined company will result in:

- The formation of one of the largest exploration companies in Washington State which should assist in attracting major company partnerships and new prospective properties.
- A much stronger share structure that will be more attractive to both institutional and retail investors.
- A simplified corporate organization with a unified strategic focus which will lead to a distinct corporate identity.
- A strong financial position to advance exploration on the Washington State properties.

"I believe this proposed amalgamation will further develop a discovery oriented corporate culture, garner market support, accelerate exploration activity and ultimately lead to a significant discovery," says Mark Kolebaba, President and CEO.

## The Amalgamation

The respective boards of directors of Uranium North and Diamonds North have approved a proposed amalgamation of the two corporations pursuant to the provisions of the Business Corporations Act (British Columbia).

The proposed amalgamation is subject to the approval of the shareholders of Uranium North and Diamonds North and the approval of applicable regulatory authorities. The amalgamating corporations plan on holding special meetings of their respective shareholders on such a date as agreed to with regulators to consider the proposed amalgamation and matters related thereto. The proposed amalgamation will require the statutory approval of at least two thirds of the shareholders voting on the matters.

The amalgamated entity ("Amalco") will operate under the name Adamera Resources Corp. or such other name approved by the corporations and the regulatory authorities.

A joint information circular in respect of the special meeting of shareholders of each of the amalgamating corporations will be mailed to the shareholders when formal notices of the special meetings are given.

In reviewing the proposed amalgamation, the independent members of the board of directors of each of the amalgamating corporations considered the merits and fairness of the transaction to its shareholders. As a component of such review, Uranium North retained Ross Glanville and Associates ("Glanville"), a qualified independent financial advisor, to determine the fairness to the shareholders of Uranium North of the proposed amalgamation with Diamonds North. Diamonds North retained Bruce McKnight Mineral Advisor Services ("McKnight"), a qualified independent financial advisor, to determine the fairness to the shareholders of Diamonds North of the proposed amalgamation with Uranium North. Copies of the final fairness opinions to be delivered by the financial advisors of the amalgamating corporations will be filed on SEDAR prior to the special meeting of shareholders of each of the amalgamating corporations.

Based on the preliminary fairness opinions of Glanville and McKnight, the independent directors of the amalgamating corporations determined the applicable share exchange ratios, for which the existing common shares of the respective amalgamating corporations will be exchanged for Amalco common shares. It is contemplated that the proposed amalgamation will result in the issuance of approximately 28.7 million Amalco common shares to former shareholders of the amalgamating corporations based on the following share exchange ratio:

- for every one common share of Uranium North, shareholders will receive 0.2000 Amalco common shares, and
- for every one common shares of Diamonds North, shareholders will receive 0.1333 Amalco common shares.

In determining the common share ratio Glanville and McKnight took into consideration the value of 5,189,281 common shares of Uranium North which are held by Diamonds North but which will be cancelled upon completion of the amalgamation in accordance with the provisions of the Business Corporations Act (British Columbia). The current issued and outstanding number of common shares of each of the amalgamating corporations is as follows:

- 85,555,405 common shares of Uranium North (including 5,189,281 common shares held by Diamonds North), and
- 94,682,308 common shares of Diamonds North.

The amalgamating corporations intend that Amalco will adopt a new 10% rolling stock option plan concurrent with the completion of the amalgamation. A resolution for the adoption of the new stock option plan will be presented at the special meetings and will be subject to approval by a majority vote.

#### **Highlights of the Combined Entity:**

This business combination creates a strong technical company focused 100% on prospective low operating cost on properties in Washington State. The benefits of the combined company would be:

- 100% ownership of Washington State properties
- Attractive consolidated share structure
- Strong cash position
- Strong technical capabilities
- Improved trading liquidity
- Consolidated management focused on unified exploration and marketing efforts
- Reduce administrative costs by as much as \$500,000 per year
- Clear and distinct corporate identity
- Diversified prospective northern property portfolio

The Board of Directors will consist of Maynard Brown, Bernard Kahlert, Mark Kolebaba, Geir Liland, and Yale Simpson. An independent advisory board will be assembled and will include Terrence Lyons, Bill Zimmerman, and Daniel Faure. The offices of President and CEO will remain with Mark Kolebaba, Janice Davies will continue as the Corporate Secretary, and Patricia Tanaka the current CFO of Uranium North will continue as the CFO of the amalgamated corporation. Mike Lee, current CFO of Diamonds North has resigned as of December 31, 2012, we thank him for his dedication and service for past the 10 years.

#### **The Washington State Strategy and Planned Exploration Program**

Washington State is historically a mining district known for high grade gold deposits. The most recent mine development is the Buckhorn mine which was completed in 2008 by Kinross. Kinross owns the Kettle River Mill near the town of Republic. Kinross hauls Buckhorn ore approximately 70 kilometres along major roads to their mill which is currently operating at about 1/2 capacity. The Buckhorn Mine, currently the only source of feed for the mill, has an estimated 3 year mine life remaining. The amalgamated Company's strategy is to find a high grade ore within trucking distance to the mill.

"Washington State is not only a good fit for the Companies, it is a good fit for the current economic conditions. This highly prospective terrain has a history of high grade discoveries and the existing infrastructure and nearby mineral processing facilities allow for low cost exploration and ultimately low cost mine development," says Mark Kolebaba, President and CEO.

Currently, the Companies hold 5 high priority properties in Washington State that have indications of high

grade mineralization, are within 160 kilometres of a mill or smelter by existing road and the climate allows for year round access. These properties are Golden Reward, Poland China, Empire Creek, Alder mine and Talisman.

For a comprehensive summary description of the material properties currently held in Washington State and Northern Canada by Diamonds North and Uranium North please see [www.diamondsnorth.com](http://www.diamondsnorth.com) and [www.uraniumnorth.com](http://www.uraniumnorth.com).

Upon completion of the amalgamation, initial programs will commence on the Golden Reward and Poland China properties. The Golden Reward program will consist of a 1000 metre drill program to test the gold bearing structure at depth. This structure has never previously been tested at depth. Estimated budget for the program is \$200,000. The Poland China program will incorporate additional trenching followed by immediate drilling. Approximately 750 metres of drilling is expected at an estimated cost of \$150,000.

The material northern properties held by the combined company will be held in good standing as long as permitted under Nunavut and Northwest Territory regulation. Such properties will be considered inventory properties that can be joint ventured, sold or advanced by the company depending on future economy and market conditions.

### **Legal Counsel and Auditor**

Salley Bowes Harwardt LC is acting as legal counsel to both companies and their respective Boards of Directors. Davidson and Company are providing financial advice and audit services for both Companies.

### **About Uranium North and Diamonds North**

Diamonds North and Uranium North have had a strong northern exploration focus and as a result, both companies have assembled prospective northern projects in various commodities including gold, diamonds, base metals and uranium.

Due to economic conditions and increased costs associated with exploring in northern Canada, Diamonds North and Uranium North recently formed an alliance through a US subsidiary Minerals North LLC owned 50% by Diamonds North and 50% by Uranium North to explore for high grade gold in Washington State.

Five high-priority Washington State properties have emerged from the initial alliance, two of which are drill ready.

On behalf of the Boards of Directors,

Mark Kolebaba  
President & CEO

*Statements in this press release, other than purely historical information, including statements relating to the Company's future plans and objectives or expected results, may include forward-looking statements. Forward-looking statements are based on numerous assumptions and are subject to all of the risks and uncertainties inherent in resource exploration and development. As a result, actual results may vary materially from those described in the forward-looking statements. Grams per tonne are noted as g/t. All dollar amounts are expressed in Canadian dollars, unless otherwise specified.*

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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