

Focus Minerals Announce Takeover of Crescent Gold

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Perth, Australia (ABN Newswire) - [Focus Minerals Limited](#) (ASX: FML) and [Crescent Gold Limited](#) ('Crescent') (ASX: CRE) are pleased to jointly announce that they have agreed to merge the companies by way of a conditional off-market takeover bid by Focus for all of the issued shares in Crescent ('Offer').

The Crescent Board unanimously recommend the Offer, and intend to accept the Offer in respect of their Crescent holdings, in the absence of a Superior Proposal.

The transaction will make Focus one of Australia's Top 5 gold producers with targeted annual production of 230,000oz, a combined JORC resource base of 4.3Moz of gold, and outstanding growth potential across two major Western Australian mining regions.

OFFER DETAILS

Focus and Crescent have executed a Bid Implementation Agreement ('BIA'), under which Focus agreed to make the Offer. The consideration being offered to Crescent Shareholders is one Focus share for every 1.18 Crescent shares, which represents a premium of 30.5% to Crescent's closing price on 17 June 2011.

The Offer is subject to customary conditions, including the following:

- Minimum acceptance of 90%;
- No Material Adverse Change; and
- No prescribed occurrences.

The Offer conditions are set out in Schedule 2 of the BIA in Annexure C. Full particulars of the Offer will be provided in the Bidder's Statement.

The transaction has the support of Crescent's major shareholder, Deutsche Bank AG (NYSE: DB) who has agreed to accept the Offer in respect of a 19.9% stake in Crescent pursuant to a Pre-Bid Agreement with Focus.

At the closing price of Focus shares on 17 June 2011 of 7.7 cents per share, the Offer represents an offer price of 6.5 cents per Crescent share, representing a premium of 30.5% on the closing price of Crescent shares on 17 June 2011 of 5 cents per share, a 29.10% premium to the 5 day volume weighted average price ('VWAP') of Crescent shares of 5.1 cents per share and a 20.75% premium to the 30 day VWAP of Crescent shares of 5.4 cents per share.

The Offer will be extended to any Crescent shares that are issued during the Offer period as a result of the exercise of Crescent options or conversion of convertible notes on issue before the Offer opens. However, Focus also intends to enter into private treaty arrangements with Crescent option holders to acquire their options in exchange for Focus shares on a ratio determined by reference to the respective exercise price and expiry date of their options.

TRANSACTION HIGHLIGHTS

The Boards of Focus Minerals and Crescent Gold consider that the combination of the two companies will provide significant strategic and financial benefits to both sets of shareholders:

Mr Campbell Baird, Chief Executive Officer of Focus Minerals said: 'The merger of Crescent Gold and Focus Minerals provides a unique opportunity for both businesses to fast track their growth aspirations making Focus one of Australia's Top 5 gold producers.'

'Once this transaction is complete this creates a strong platform for both companies' shareholders to benefit from a substantial value uplift from a significant increase in combined production, a doubling of gold resources, and the ability to step up exploration within Crescent's extensive landholding', Mr Baird said.

Mr Mark Tory, Managing Director of Crescent Gold said: 'The Board of Crescent Gold considers the transaction to be a compelling opportunity for Crescent Shareholders to capture a premium for their shareholding and become part of a major new Australian gold producer. Post-acquisition, Crescent shareholders will be part of an entity with an exciting production and exploration growth profile, strong balance sheet, diversified asset portfolio, and a strong track record in mine operations.'

Key compelling benefits for both Focus Minerals and Crescent Gold shareholders include:

- Creates a Top 5 Australian Gold Producer - With a targeted annual production of 230,000oz in 2012 and outstanding growth potential across two major Western Australian mining regions, the combined company will become a top 5 Australian gold producer.

- Proven Track Record of Mine Operation - Focus has a deep management team with proven development and mine operation capabilities, having recommissioned the Three Mile Hill processing plant 18 months ago and opened two new mining operations in the last three months. Focus will use this operational expertise to maximise the value of Crescent's assets.

- Significant Resource Growth Potential - The combined group will have a very significant JORC Resource inventory of 4.3Moz. Both the Laverton and Coolgardie regions have demonstrated the opportunity for significant resource growth on targeted exploration programmes. Focus brings the immediate funds to accelerate exploration at Laverton, with strong group revenues providing a basis to fund further exploration to expand group resources.

- Strong Operating Cash Flows - The transaction will create a combined group with very strong anticipated operating cash flow.

- Valuation Uplift - The implied EV/Resource ratio of the combined entity is A\$66/oz which is a 39% discount to the ASX listed gold producers average of A\$107/oz, implying a significant opportunity for a revaluation of the combined group.

EXCLUSIVITY ARRANGEMENTS AND PRE-BID WITH CRESCENT SHAREHOLDER

The Board of Directors of Crescent has unanimously recommended that, in the absence of a Superior Proposal all Crescent shareholders accept the Offer, and all directors intend to accept the offer.

Pursuant to the BIA, Focus and Crescent have agreed customary exclusivity arrangements, including 'no shop' and 'no talk' provisions. The BIA also confers a matching right on Focus.

Focus has entered into a pre-bid acceptance agreement with Crescent's major shareholder, Deutsche Bank group, which through its wholly owned subsidiary Gulara Pty Ltd owns 29.23% of Crescent. The pre-bid agreement is in respect of 19.9% of Crescent. Separately, Focus has also been informed by Deutsche that its present intention is to accept the Offer in respect of the remaining 9.33% of Crescent shares it holds, no later than five days prior to the end of the Offer period, subject to there being no Superior Proposal. Deutsche Bank has no obligation to accept the Offer in respect of the remaining 9.33% stake and may dispose of these shares to a third party at any time.

LOAN & WORKING CAPITAL FACILITY ARRANGEMENTS

In May 2011 Focus provided a \$3 million secured loan to Crescent which upon shareholder approval will turn into a convertible note. Once approved, that convertible note will be convertible into Crescent shares at the conversion price of the lower of \$0.05 and 85% of 5 day VWAP of Crescent shares, with 1 free attaching option for each two shares provided.

In addition, on 17 June 2011, Focus provided a \$10 million working capital facility to Crescent, which subject to shareholder approval, may be converted into convertible notes. These convertible notes will be convertible to Crescent shares on substantially the same terms as the May 2011 convertible note.

INDICATIVE TIMETABLE

The indicative timetable in relation to the Offer is set out below.

- Monday, 20 June 2011: Announcement of Transaction
- Monday, 4 July 2011: Focus lodges its Bidder's Statement with ASIC and ASX and serves it on Crescent
- Monday, 4 July 2011: Crescent lodges its Target's Statement with ASIC and ASX and serves it on Focus
- Thursday, 7 July 2011: Joint despatch of Bidder's Statement and Target's Statement
- Thursday, 7 July 2011: Offer Opens
- Monday, 8 August 2011: Close of Offer (unless extended)

OTHER MATTERS

Focus' corporate adviser is Hartleys Limited and its legal advisor is Mallesons Stephen Jaques. Crescent's corporate adviser is Gryphon Partners and its legal advisor is Blakiston & Crabb.

For the complete Focus Minerals announcement, please refer to the following link:

<http://www.abnnewswire.net/media/en/docs/545870.pdf>

About Focus Minerals Ltd:

Focus Minerals Ltd (ASX: FML) is an Australian-based exploration and development group whose focus is to become a significant gold and nickel producer in the Coolgardie-Kalgoorlie-Widgiemooltha region of Western Australia.

Focus Minerals is the largest landholder in the Coolgardie Gold Belt located in Western Australia, 560km east of Perth and 35km west of the 'Super Pit' in Kalgoorlie-Boulder. More than 2.6 million ounces of gold has been produced from the Coolgardie gold belt alone since 1892. Focus holds the mineral rights to more than 210sq km of tenements including an extensive inventory of Measured, Indicated and Inferred gold resources as well as the 1.2mtpa Three Mile Hill processing plant.

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