

Capital Gold Letter To Stockholders Demonstrates Superiority Of Gammon Gold Proposal

09.03.2011 | [CNW](#)

NEW YORK, March 9, 2011 /CNW/ --
<<

>>

Capital Gold Corporation (Amex: CGC; TSX: CGC) today sent a letter to its stockholders pointing out the benefits of its merger with Gammon Gold.

The letter stressed the significant premium that stockholders will receive under the merger with Gammon and the lengthy and robust process undertaken by the independent members of the CGC board of directors to achieve the best possible transaction reasonably available to the stockholders of CGC. With the input of its advisors, the CGC board also considered Gammon Gold's experienced management team and highly liquid stock as compelling factors in determining that the Gammon transaction provided the best available transaction to maximize CGC stockholder value.

The letter also urged CGC stockholders to reject the self-serving attempt by Timmins Gold Corp. to take control of the CGC board and block the Gammon Gold merger. At current trading levels, the Gammon offer represents a significant premium to the Timmins offer. In addition, the Timmins offer has a high degree of risk and conditionality, cannot be consummated in the near term and has adverse tax consequences to U.S. shareholders.

The letter to stockholders is available at the SEC's website at <http://www.sec.gov> and will also be available at www.capitalgoldcorp.com

Stockholders with questions should contact Capital Gold's proxy solicitors, MacKenzie Partners, toll-free at 1-800-322-2885, or Laurel Hill Advisory Group, toll-free at 1-800-385-3006.

<<

The text of the letter follows below:

>>

<<

VOTE THE WHITE PROXY CARD
FOR THE GAMMON MERGER

>>

<<

YOUR VOTE IS VERY IMPORTANT- PLEASE VOTE TODAY.

March 9, 2011

Dear Stockholders of Capital Gold Corporation:

>>

We are asking you to vote the enclosed WHITE proxy card to approve the merger of Capital Gold Corporation with Gammon Gold Inc. If the Merger is completed, you will receive 0.5209 common shares of Gammon Gold and a cash payment in the amount of \$0.79 for each share of CGC common stock you own immediately prior to the Merger. The Gammon deal represents a 58% premium to CGC stockholders as of March 9, 2011. (1)

(1) Based on CGC trading on the NYSE AMEX during the 20 trading days prior to September 24, 2010.

<<

DO NOT BE MISLED

>>

You may be getting conflicting information about our proposed transaction with Gammon and the process that led your Board to unanimously conclude that it was the best transaction reasonably available for all CGC stockholders. Timmins Gold Corp. ('Timmins') is attempting to block the Merger of CGC with Gammon and take complete control of your CGC board in its self-serving attempt to acquire the company. We want to set the record straight.

<<

Timmins asserts that its proposal is superior to the Gammon offer.

>>

THE TRUTH IS: The Timmins proposal is not in the best interests of CGC stockholders.

<<
-- At current trading levels, the Gammon offer has a value almost US\$0.20 per share, or 3.5%, higher than the Timmins offer.
-- The Timmins offer will be fully taxable to U.S. holders. There are no adverse tax consequences to U.S. holders for the stock they receive in the Gammon offer.
-- The Timmins offer is highly conditional. Their offer has not yet been approved by U.S. and Mexican regulators or Timmins' own shareholders, nor has Timmins been approved for listing on the NYSE AMEX. Even if Timmins were to receive all of these approvals, it would take a number of months to do so.
-- Don't just take our word for it. Glass Lewis, a leading independent proxy advisory firm issued a report to its institutional stockholder clients, stating that 'we believe the Gammon deal is superior to the Timmins' offer in almost every aspect.' Glass Lewis also said it considers '...Gammon's stock to be far superior to Timmins' stock as a form of currency in executing a transaction.'
-- Gammon management has demonstrated the underground mining expertise necessary to develop the Nayarit Orion project. Timmins does
not
have the requisite mining experience.
-- Timmins offer is also subject to a due diligence condition, which
could
result in a lower offer or no offer at all.
-- Gammon is ready to close its transaction and pay you cash and liquid shares of Gammon stock!

Timmins represents itself as a concerned stockholder of CGC.
>>

THE TRUTH IS: Timmins owns 1,000 shares that it purchased recently. Timmins is attempting to hijack the process by putting a new board in place in order to halt the Gammon transaction and to force a deal with CGC that is in fact inferior to the Gammon proposal.

<<
-- According to Timmins' own proxy materials, not a single member of
the
Timmins independent slate has any mining background at all. How can brand new directors be expected to familiarize themselves with CGC and quickly evaluate a transaction in a highly specialized industry with absolutely no mining experience?
-- Even if Timmins is successful in taking control of your
board
and terminating the Gammon transaction, there is no guarantee that the Timmins offer, or any offer, will be consummated.
-- You have a board of directors with experience in mining and in mergers and acquisitions.
-- Your board has demonstrated its responsibility to protect stockholder interests by forming a special committee of independent directors to oversee the process, evaluating competing proposals with the advice and input of independent advisors, and unanimously recommending that stockholders support the transaction that provides the highest value, least adverse tax consequences, least risk, and quickest path
to
completion.

Timmins is telling CGC stockholders that your board ran a 'flawed process.'
>>

THE TRUTH IS: The CGC board determined to unanimously support the Gammon deal after carefully considering the input and advice of independent financial and legal advisors with expertise in similar

transactions.

```
<<
-- CGC accommodated every one of Timmins' meeting requests and seriously
   evaluated its proposal four times.
-- On September 7, 2010, the M&A Committee met via conference call with
   the CEO and President of Timmins Gold, and their respective financial
   advisors, during which a formal presentation was made with respect to
   the Timmins proposal.
-- On January 6, 2011, the M&A Committee met with Timmins because it was
   determined at that time that Timmins' bid was reasonably likely to
lead
   to a proposal that was superior to the Gammon transaction.
-- CGC made repeated efforts to conduct comprehensive due diligence which
   was critical to its determination of whether the Timmins proposal was
   in fact superior. After substantial delay, Timmins provided some
   diligence materials, but failed to respond to specific due diligence
   questions and requests and failed to provide support for several
   representations it had made.
-- CGC was provided with a fairness opinion by a reputable, nationally
   recognized financial advisor that supported the Gammon transaction.
-- CGC would have pursued further dialogue with Timmins if it determined
   that a merger with Timmins was the best deal reasonably available to
   CGC stockholders.
-- In its report, Glass Lewis concluded that '... the board acted fair
and
   appropriate in seeking the best possible deal for shareholders among a
   number of potential buyers.'
>>
```

In its proxy materials, Timmins also tells you that it has a lockup agreement with one stockholder, and support agreements with two other stockholders.

```
<<
-- Why has Timmins management repeatedly refused to provide CGC with
   copies of these agreements or to make them publicly available?
>>
```

Financial Restatements and Changes in Projections Raises Serious Concerns for CGC Stockholders

```

<<
-- The conditionality associated with Timmins' offer is highlighted by
of Timmins' desperate and self-interested attempt to oust the CGC board
    directors
-- The risk of their offer should be evident by the fact that Timmins has
    had to make financial restatements in each of the past two consecutive
    quarters.
-- The fact that Timmins has had repeated instances of restating its
    financial statements and has had to revise projected operating numbers
    raises concerns with respect to the reliability of its financial
    statements and internal controls.
-- More troubling perhaps, is that in Timmins' most recently completed
resource quarter, it mined grades significantly higher than the average
    grade (2). CGC stockholders must understand that this performance may
    not be sustainable and may have to be reversed at some point- very
    possibly encumbering the mine to the detriment of stockholders.

>>

```

The CGC Board believes that the Merger with Gammon Gold is clearly the SUPERIOR Transaction for CGC Stockholders.

<<

>>

<<

>>

<<

>>

	Timmons Gold Corp.	Gammon Gold
Proposals	2.27 TMM Shares	0.5209 GAM Share + US\$0.79
Transaction Status	Offer not commenced	Merger agreement signed Proxy solicitation commenced

Consideration All Stock Stock and Cash

<<

>>

% of Basic Shares Issued	107%	24%
-----------------------------	------	-----

<< Gold Hedging Yes No

>>

(2) Timmins Q3 production was at a grade of 0.939 g/t Au compared to the reported M+I resource grade of 0.720 g/t Au.

Gammon Gold has a market capitalization of approximately 3x Timmins' market capitalization.

We believe Gammon Gold has much greater upside and is trading at a lower valuation than Timmins; Therefore, Gammon Gold provides better re-rating potential.

<<

Gammon Gold has approximately 6x Timmins' resources.

>>

Gammon Gold has significant exposure to silver and exceptional leverage to silver prices; Timmins has very limited exposure to silver.

<<

Gammon Gold has significant net cash; Timmins has net debt.

The Merger with Gammon Gold presents the least amount of transactional risk.

Your Vote is Important

Please vote and return the WHITE proxy card

>>

It is very important that you return ONLY the WHITE proxy card and NOT the GOLD proxy card or the BLUE consent card.

Even if you have already voted the GOLD proxy card or the BLUE consent card, you can vote FOR the Gammon Merger using the enclosed WHITE proxy card.

If you have any questions or require assistance please contact our proxy solicitors, MacKenzie Partners at 1-800-322-2885, or Laurel Hill Advisory Group, toll-free at 1-800-385-3006.

<<

Sincerely,

Steve Cooper,
Chairman of the Board

Important Additional Information

>>

Capital Gold Corporation ('CGC' or the 'Company') filed a definitive proxy statement with the Securities and Exchange Commission (the 'SEC') on February 18, 2011 in connection with the Special Meeting of Stockholders to be held on March 18, 2011 and mailed the definitive proxy statement and a WHITE proxy card to stockholders and additional soliciting materials. CGC and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with such meeting. The Company's stockholders are strongly advised to read CGC's proxy statement as it contains important information. Stockholders may obtain an additional copy of CGC's definitive proxy statement and any other documents filed by the Company with the SEC for free at the SEC's website at <http://www.sec.gov>. Copies of the definitive proxy statement are available for free at www.capitalgoldcorp.com. In addition, copies of the Company's proxy materials may be requested at no charge by contacting MacKenzie Partners, Inc. at 1-800-322-2885 or via email at proxy@mackenziepartners.com. Detailed information regarding the names, affiliations and interests of individuals who are participants in the solicitation of proxies of CGC's stockholders is available in CGC's definitive proxy statement filed with SEC on February 11, 2011.

<<

About Capital Gold

>>

Capital Gold Corporation (CGC) is a gold production and exploration company. Through its Mexican subsidiaries and affiliates, it owns 100% of the 'El Chanate' gold mine located near the town of Caborca in Sonora, Mexico. On August 2, 2010, Capital Gold acquired Nayarit Gold Inc. Capital Gold is focused on optimizing the El Chanate operations and advancing the Del Norte deposit in the Orion District in the state of Nayarit, Mexico. Capital Gold also owns and leases mineral concessions near the town of Saric, also located in Sonora, that are undergoing exploration for gold and silver mineralization. Additional information about Capital Gold and the El Chanate Gold Mine is available on the Company's website, www.capitalgoldcorp.com.

<<

Forward Looking Statements

>>

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words 'plans', 'expects', or 'does not expect', 'is expected', 'budget', 'scheduled', 'anticipates', or 'does not anticipate', 'continue', 'estimates', 'forecasts', 'objective', 'ongoing', 'may', 'will', 'project', 'should', 'believe', 'intends' or variations of such words and phrases or statements are intended to identify forward-looking information or statements. Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. More particularly and without limitation, this press release contains forward-looking statements and information concerning Gammon Gold's proposed acquisition of Capital Gold (the 'Acquisition') and the merger agreement pursuant to which such acquisition will be effected. The forward-looking statements and information are based on certain key expectations and assumptions made by Gammon Gold and Capital Gold. Although Gammon Gold and Capital Gold believe that the expectations and assumptions on which

such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because neither of them can give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. There are risks also inherent in the nature of the Acquisition, including whether the completion of the Acquisition will ultimately occur, whether the anticipated synergies of the acquisition will occur, incorrect assessment of the value of the respective properties of each of Gammon Gold and Capital Gold, and failure to obtain the required security holder, regulatory, third party and other approvals. The outcome of Timmins' consent solicitation to replace the Capital Gold board and Capital Gold's corresponding consent revocation also impact the assumptions on which forward-looking statement are based. Readers are cautioned that the foregoing list of factors is not exhaustive. There may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The forward-looking statements and information contained in this press release are made as of the date hereof. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Neither Gammon Gold nor Capital Gold undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

NEW YORK, March 9, 2011 /CNW/ --

<<

>>

For further information please contact:

<<

Kelly Cody, Investor Relations Manager
Capital Gold Corporation
Tel: (212) 344-2785
Fax: (212) 344-4537
Email: kelly@capitalgoldcorp.com

>>

or

<<

Proxy Solicitor
MacKenzie Partners, Inc.
Tel: (212) 929-5500
Email: proxy@mackenziepartners.com

>>

Kelly Cody, Investor Relations Manager Capital Gold Corporation, +1-212-344-2785, or Fax:

+1-212-344-4537, kelly@capitalgoldcorp.com Web Site: <http://www.capitalgoldcorp.com>

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/100706--Capital-Gold-Letter-To-Stockholders-Demonstrates-Superiority-Of-Gammon-Gold-Proposal.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).