

Capital Gold Reaffirms Support for Gammon Transaction With an Increased Cash Component

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NEW YORK, March 17, 2011 /CNW/ --
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Announces Plan for Stockholder Vote

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Capital Gold Corporation (Amex: CGC; TSX: CGC) acknowledges that, on March 15, 2011, Timmins Gold Corp. ('Timmins') added \$0.25 in cash to its unsolicited offer for Capital Gold Corp. ('Capital Gold'). Also on March 15, 2011, Gammon Gold Inc. ('Gammon') announced that it was proposing to amend its merger agreement with Capital Gold to increase the cash component of the merger consideration to be paid to Capital Gold's stockholders by \$0.30, from \$0.79 to \$1.09. The Board of Directors of Capital Gold has considered both bids and unanimously reaffirms its support of the merger with Gammon, as increased.

Steve Cooper, Chairman of the Board of Directors stated, 'The Board has carefully considered both proposals and believes that the Gammon transaction continues to be the best transaction reasonably available to its stockholders. The Board urges Capital Gold stockholders to support the Gammon transaction.'

Capital Gold notes that the addition of cash to the Timmins bid comes as a result of a loan from Sprott Resource Lending Partnership, the terms of which Timmins has not yet disclosed. Capital Gold believes that this loan introduces further risk to Timmins' financial position. In addition, Capital Gold continues to be concerned that Timmins does not have sufficient capital to execute its business plan.

Capital Gold currently intends to convene its previously scheduled Special Meeting at 10 a.m. on March 18, 2011, solely for the purpose of having Capital Gold's stockholders vote on an adjournment of the Special Meeting to a later date, in order to permit Capital Gold and Gammon to complete an amendment to the merger agreement and to prepare and distribute a supplement to the definitive proxy statement/prospectus, and to give Capital Gold's stockholders additional time to consider the revised price and to review the supplement to the definitive proxy statement/prospectus. The date, time and place at which the Special Meeting will be reconvened for purposes of voting on the merger with Gammon will be announced in the near future, and the parties expect that the supplemental proxy statement/prospectus will be available early next week. The adjournment will preserve the February 14, 2011 record date for the determination of stockholders entitled to receive notice of and vote at the Special Meeting and permit Capital Gold's stockholders to vote on, and if it is approved, permit the parties to close, the Gammon merger in an expeditious manner.

In order to ensure that Capital Gold's stockholders are able to vote on the Gammon merger at such

adjourned meeting, the company is urging all holders who have not voted or who had previously voted Against on Timmins gold card to vote today For Proposal 2 on the WHITE proxy card.

Capital Gold also announced that in an alert to its clients yesterday, ISS announced the revised terms of the Gammon merger and the Timmins proposal and did not change its recommendation that stockholders vote FOR the Gammon merger and the adjournment proposal on the WHITE card.

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Important Additional Information

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This press release is not a proxy statement or a solicitation of proxies from the stockholders of Capital Gold and does not constitute an offer of any securities of Gammon. Capital Gold filed a definitive proxy statement with the Securities and Exchange Commission (the 'SEC') on February 18, 2011 and a supplement to the definitive proxy statement on March 10, 2011, in connection with the Special Meeting of Stockholders to be held on March 18, 2011, and mailed the definitive proxy statement, the supplement, a WHITE proxy card and additional soliciting materials to stockholders. 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 and supplement filed on March 10, 2011.

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About Capital Gold

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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.

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Forward Looking Statements

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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 the proposed merger and the merger agreement. 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 it 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 merger, including whether the completion of the merger 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. 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.

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