

Premier Gold Mines Limited to acquire Goldstone Resources Inc.

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THUNDER BAY AND TORONTO, ON, June 21, 2011 /[CNW](#)/ - [Premier Gold Mines Limited](#) (TSX: PG) and [Goldstone Resources Inc.](#) (TSX: GRC) (PINK SHEETS: GRSZF) jointly announced today that they have entered into a definitive agreement whereby Premier will acquire, by way of a plan of arrangement (the "Arrangement"), all of the outstanding common shares of Goldstone. Under the Arrangement, each Goldstone shareholder will receive 0.16 of a Premier share plus \$0.0001 in cash for each Goldstone share held.

Transaction Highlights - Premier

- Consolidates 100% ownership of the Hardrock Project that is host to a multi-million ounce NI 43-101 compliant resource estimate
- Increases Premier's measured and indicated gold resource by 1,171,740 ounces and inferred resource by 613,410 ounces
- Adds extensive property holdings in the Geraldton-Beardmore Greenstone Belt, including the Brookbank Deposit that is host to a NI 43-101 compliant mineral resource estimate of 424,400 ounces indicated (at 9.7 g/t gold) and 276,600 ounces inferred (at 7.9 g/t gold) utilizing a 3.4 g/t Au cut-off grade
- Secures for Premier additional open pit resource potential proximal to Hardrock through the acquisition of the Key Lake Project, where recent drilling by Goldstone has returned a number of significant intercepts including 3.17 g/t Au across 44.0 metres (m) and 2.28 g/t Au across 42.7 metres
- Consolidates the underexplored Beardmore-Geraldton district, including the past producing Leitch Gold Mine that produced 847,900 ounces of gold at an average grade of 31.5 g/t Au, and geologically strategic land holdings with a combined strike length of more than 50 kilometres
- Attractive acquisition with minimal dilution to Premier of approximately 13.8%.

"This acquisition will secure for Premier 100% ownership of one of Canada's fastest growing gold deposits" stated Ewan Downie, the President and Chief Executive Officer of Premier. "Our substantial combined land holdings in the district provide an excellent opportunity to define multiple deposits with considerable production potential in addition to terrific exploration opportunities in this re-emerging gold camp."

Transaction Highlights - Goldstone

- Offers shareholders an immediate premium and enhanced capital markets profile
- Through an all-share deal, shareholders retain ongoing exposure to Goldstone's assets and prospects and gain participation in Premier's diversified gold properties and growth potential
- Premier's technical expertise and financial capability will be applied to enhance the value of Goldstone's assets
- Shareholders will benefit from significantly enhanced trading liquidity upon receiving Premier shares.

Philip Cunningham, Chairman and Interim Chief Executive Officer of Goldstone stated: "I strongly believe this is a win-win transaction for shareholders of both companies, extending the working relationship established through our successful Hardrock Project joint venture."

"Effectively, shareholders of Goldstone will participate in the continued advancement of Goldstone's assets, while also gaining a position in Premier's exciting growth portfolio," said Mr. Cunningham. "As the largest Goldstone shareholder, I fully support this transaction and look forward to being an active Premier shareholder."

Terms of Offer

- Goldstone shareholders will receive 0.16 of a Premier common share plus \$0.0001 in cash for each common share of Goldstone
- Represents a 27.3% premium based on the 30-day volume weighted average prices of each company
- Transaction unanimously approved by the Boards of Premier and Goldstone
- Directors of Goldstone holding approximately 13.5% of the common shares outstanding have entered into voting agreements in support of the Arrangement
- \$3.25 million break fee; and Premier retains the right to match any superior proposal
- Goldstone's optionholders will receive replacement Premier options and Goldstone warrants will remain outstanding in accordance with their terms.

The acquisition of Goldstone by Premier will be effected by way of a court approved plan of arrangement under the Business Corporations Act (Ontario). The number of Premier shares to be issued will be approximately 16,741,377 based on Goldstone's currently outstanding common shares. All outstanding Goldstone options will, on the effective date of the Arrangement, be exchanged for Premier options. All outstanding Goldstone warrants will remain outstanding in accordance with their terms and will, in effect, be exercisable to acquire 0.16 of a Premier common share plus \$0.0001 in cash for each such warrant exercised. The transaction is expected to close in August, 2011 and upon closing Goldstone shareholders will own approximately 13.0% of Premier shares on a fully diluted in-the money basis, or approximately 13.8% (approximately 17,640,417 Premier shares) on a fully-diluted basis.

The Arrangement will be subject to, among other things, the approval of the Toronto Stock Exchange, court approval and the favourable vote of 66 2/3% of the votes cast by holders of the Goldstone common shares. Goldstone will postpone its previously announced annual meeting so that shareholders may consider the Arrangement at the same meeting. As a result, Goldstone will hold an annual and special shareholders' meeting at 10:00 a.m. on August 8, 2011, in Toronto. The record date for the meeting will be July 4, 2011. Goldstone anticipates that the management information circular for the meeting will be mailed on or about July 5, 2011.

Goldstone's financial advisor has provided an opinion as to the fairness of the transaction, from a financial point of view, and the Goldstone Board unanimously recommends that its shareholders vote in favour of the Arrangement. Directors of Goldstone have also entered into voting agreements with Premier under which they have agreed to vote their Goldstone shares, representing approximately 13.5% of Goldstone's outstanding common shares, in favour of the Arrangement. In the event that the Arrangement is not completed, Goldstone has agreed, under certain circumstances, to pay Premier a termination fee equal to \$3.25 million. Goldstone has also provided Premier with certain other customary rights, including a right to match competing offers.

Goldstone has waived the application of its shareholder rights plan to the entering into of the Arrangement Agreement by Premier.

Goldstone securityholders and other interested parties are advised to read the materials relating to the proposed Arrangement that will be filed by Goldstone with applicable securities regulatory authorities in Canada when they become available. Anyone may obtain copies of these documents when available free of charge under Goldstone's profile at www.sedar.com.

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell shares or a solicitation of a proxy.

Premier's financial advisor is Canaccord Genuity Corp. and its legal advisors are Fraser Milner Casgrain LLP in Canada and Dorsey & Whitney LLP in the United States. Goldstone's financial advisor is Primary Capital Inc. and its legal advisor is McMillan LLP.

Ewan Downie and Philip Cunningham will host a conference call to review this important transaction for Premier and Goldstone, and they invite analysts and investors to participate in the conference call.

Date: June 22, 2011

Time: 10:00 am, Eastern Time

Dial in Number: 1.807.623.5005 or 1.866.384.4004

Participant Code: 5583431

About Premier

Premier Gold Mines Limited is a well financed Canadian-based mineral exploration and development company with several projects and deposits in Northwestern Ontario, Nevada and Mexico. In the Red Lake gold mining camp, two are operated in joint venture with Red lake Gold Mines. The company also owns strategic projects located in the heart of the Carlin Trend, Nevada and along strike from Goldcorp's Musselwhite Gold Mine in Ontario.

Premier Gold Mines Limited cordially invites all shareholders to its Annual General Meeting of Shareholders, at 4:00pm, Thursday June 29, 2011, at the Toronto Board of Trade. Following the formal meeting, a presentation will be given at 4:30pm by President and CEO Ewan Downie, VP-Exploration Tim Twomey and Executive Vice-President Stephen McGibbon, providing a comprehensive corporate exploration and development update. This presentation will highlight your Company's substantial recent successes, and will provide guidance on Premier's future plans and initiatives.

About Goldstone

Goldstone Resources Inc. is a gold exploration and development company operating in the historically significant Geraldton-Beardmore camp of Northwestern Ontario and focused on gold exploration and deposit delineation at its Key Lake, Brookbank, Northern Empire and Leitch-Sand River gold properties, and as a partner in the Hardrock Project joint venture with Premier Gold. Goldstone's 100%-owned NI 43-101 compliant resources at Brookbank total 424,000 indicated uncut and 276,600 inferred uncut, using a cutoff grade of 3.4 g/t au. The Geraldton-Beardmore camp is host to several past producers in a district that has historical production of more than 4.1 million ounces of gold from high grade ore—and to Goldstone's fully permitted, expandable 200-TPD Northern Empire mill.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release, including any information relating to Premier's and/or Goldstone's future financial or operating performance may be deemed "forward looking". All statements in this news release, other than statements of historical fact, that address events or developments that Premier/Goldstone expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond Premier/Goldstone's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions (including that the Arrangement will be completed successfully on the terms agreed upon by the parties and that the business of Goldstone will be integrated successfully in the Premier organization) that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. In the case of Premier, such factors include, the inability of Premier to maintain its interest in its mineral projects or to obtain or comply with all required permits and licences, risks normally incidental to exploration and development of mineral properties, uncertainties in the interpretation of drill results, the possibility that future exploration, development or mining results will not be consistent with expectations, uncertainty of mineral resource estimates, joint venture risk, changes in governmental regulation adverse to Premier, First Nations consultations, environmental risks, economic uncertainties, the inability of Premier to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other mining businesses, the future price of gold and other metals and commodities, fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada and the United States, title defects and other related matters. In the case of Goldstone, such risks include, among other risks, the approvals of regulators, availability of funds, the results of financing and exploration activities, the interpretation of drilling results and geological data, or unanticipated costs and expenses. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance or inability to obtain insurance to cover these risks) as well as "Risk Factors" included in Premier's and Goldstone's continuous disclosure documents filed on and available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially

differ from those anticipated in such statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. Premier/Goldstone expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

For further information:

Premier Gold Mines Limited

Ewan Downie, President and CEO,
Tel: (807) 346-1390

Further information is available on Premier's website at www.premiergoldmines.com and on SEDAR under Premier's profile at www.sedar.com.

Goldstone Resources Inc.

Philip Cunningham, Chairman and Interim CEO,
Tel: (416) 860-1636

Further information is available on Goldstone's website at www.goldstoneresourcesinc.com and on SEDAR under Goldstone's profile at www.sedar.com.

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