

# Augen Gold Believes Trelawney Offer to Be Non-Compliant

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- Trelawney bid not permitted by Rights Plan
- Separation time deferred to allow Trelawney to comply
- Trelawney disclosure not in compliance with securities laws
- Augen requests review of collateral benefit

TORONTO, ONTARIO -- (Marketwire - July 26, 2011) - [Augen Gold Corp.](#) (TSX VENTURE: GLD) ("Augen Gold" or "GLD") is concerned that the unsolicited offer made by [Trelawney Mining and Exploration Inc.](#) ("Trelawney") to acquire all of the outstanding shares of Augen Gold ("Common Shares") in exchange for shares of Trelawney (the "Trelawney Offer") has been made in violation of the Augen Gold shareholder rights plan, fails to comply with applicable disclosure rules and confers potential collateral benefits on certain shareholders.

## Augen Gold's Rights Plan

In April, 2011, the Board of Directors of Augen Gold adopted a shareholder rights plan (the "Shareholder Rights Plan"). The purpose of the Shareholder Rights Plan is to provide the Board of Directors and shareholders of Augen Gold ("Shareholders") with sufficient time to properly consider any take-over bid made for Augen Gold and to allow enough time for competing bids and alternative proposals to emerge. The Shareholder Rights Plan also seeks to ensure that all Shareholders are treated fairly in any transaction involving a change of control of Augen Gold and that all Shareholders have an equal opportunity to participate in the benefits of a take-over bid. The Shareholder Rights Plan encourages potential acquirers to negotiate the terms of any offer for Common Shares with the Board of Directors or, alternatively, to make a "Permitted Bid" without the approval of the Board of Directors.

The Trelawney Offer is not a Permitted Bid under the Shareholder Rights Plan. To be a Permitted Bid, a take-over bid must, among other things, be open for at least 60 days and be conditional on acceptance by the holders of more than 50% of the Common Shares (other than those Common Shares held by any Shareholder or group of Shareholders making the take-over bid). The Trelawney Offer is open for acceptance for only 48 days. In addition, because Trelawney has retained the right to waive the condition that requires a minimum level of acceptance of the Trelawney Offer by Shareholders, there is effectively no minimum acceptance level under the Trelawney Offer.

Augen Gold publicly announced that it had adopted the Shareholder Rights Plan on April 25, 2011. As of today's date, Trelawney has chosen not to amend the Trelawney Offer to make a Permitted Bid, demonstrating that Trelawney may not want to offer a fair price to all Shareholders.

Ordinarily, under the Shareholder Rights Plan, the rights would separate ten business days after, among other things, the announcement of an intention to make an offer that is not a Permitted Bid. The Board of Directors acted on July 25, 2011, to extend the separation time of rights under the Shareholder Rights Plan to the close of business on August 22, 2011, or such other time as the board may specify, in order to provide Trelawney time to make an offer in compliance with the Shareholder Rights Plan and to treat all Shareholders fairly.

## Trelawney's Disclosure

Augen Gold is concerned about the quality of information in the marketplace, and advises Augen Gold shareholders to read all disclosure relating to the Trelawney Offer carefully. Augen notes in particular that the Trelawney Offer documents appear to fail to comply with Canadian securities laws. They state that "reasonable and customary" compensation will be paid to parties engaged to assist Trelawney. Canadian securities laws require the particulars of any such compensation arrangements to be disclosed by offerors to securityholders.

Augen Gold is concerned that the failure to disclose may be material in this case as Shareholders are being offered no cash consideration while service providers are likely obtaining the benefit of cash. Augen Gold

has asked securities regulators to investigate this breach of public disclosure rules.

### **Collateral Benefit**

Augen Gold is concerned that Shareholders who have entered into lock-up agreements (the "Lock-up Agreements") with Trelawney have been asked to do so pursuant to a form that conveys upon such Shareholders an illegal collateral benefit that is not being made available to other Shareholders. In particular, the Lock-up Agreements purport to extend to locked-up Shareholders the benefit of representations and warranties of Trelawney pursuant to any agreement that may be made in the future. This benefit is offered only to locked-up shareholders. Augen Gold has asked securities regulators to investigate this potential collateral benefit.

If you have any questions or concerns please contact Phoenix Advisory Partners, Augen Gold's information agent at:

North American Toll Free Phone: 1-866-521-4425  
Email: [inquiries@phoenixadvisorypartners.com](mailto:inquiries@phoenixadvisorypartners.com)  
Toll Free Facsimile: 1-877-907-3176  
Banks, Brokers and Collect Calls: 1-201-806-2222

### **About Augen Gold**

Augen Gold is a gold exploration company with 23,685 hectares of staked and patented mining claims in the Southern Swayze Greenstone Belt, including the formerly producing Jerome Gold Mine. The claims cover a 45-kilometre long section of the Ridout Deformation Zone, believed to be the western extension of the Kirkland Lake/Larder Lake Break. The geological setting is comparable to the major gold camps of Timmins and Kirkland Lake, and the claims contain numerous gold showings that have received very little historical exploration. Augen Gold is the first company to have assembled such a coherent ground position. Augen Gold has performed a detailed airborne geophysical survey over the whole area. The correlation of many gold showings with geophysical features indicates excellent potential for the discovery of additional deposits. On July 18, 2011 Augen Gold announced an initial National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") compliant Mineral Resource estimate at Augen Gold's Jerome Mine Project outlining a 1.03 million ounce Inferred gold resource (18.7 million tonnes grading 1.7 g/t) at a cutoff grade of 0.3 g/t. The Company's objectives are to aggressively explore the gold showings that correlate with geophysical anomalies, continue resource definition at the Jerome Mine, and to expand its property portfolio with highly prospective mineral assets.

For more information on the South Swayze Project, please refer to the Company's NI 43-101 compliant technical report "Amended and Restated Technical Report on the Augen Gold Corp. Claims, Porcupine Mining Division, District of Sudbury, Ontario, Canada" (effective April 8, 2008, available on the Company's profile at [www.sedar.com](http://www.sedar.com), along with the Company's other continuous disclosure documents).

The information contained in this news release has been approved by Augen Gold's Project Geologist, Gordon McRoberts, P.Geo., who is a Qualified Person as defined in NI 43-101.

For more information on Augen Gold, visit our website at [www.augengold.ca](http://www.augengold.ca).

Follow our blog at [www.augengold.wordpress.com](http://www.augengold.wordpress.com), and follow us on [www.twitter.com \(#augengoldcorp\)](http://www.twitter.com/#augengoldcorp).

*This news release contains forward-looking statements. These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, project development, reclamation and capital costs of the Company's mineral properties, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as: changes in general economic conditions and conditions in the financial markets; changes in demand and prices for minerals; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the activities of the Company; and other matters*

*discussed in this news release. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.*

Shares outstanding: 127,711,347

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

## Contact Information

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