Wits Gold and Pan African to Acquire 100% of Evander Gold Mines Limited, and Renewal of Cautionary Announcement

30.01.2012 | CNW

HIGHLIGHTS:

- Wits Gold and Pan African Resources plc (“Pan African“) (together the “Consortium“), form a 50:50 partnership to acquire 100% of gold producer, Evander Gold Mines Limited (“Evander“) from Harmony Gold Mining Company Limited (“Harmony“) for ZAR1.7 billion (approximately C$221 million) less any distributions made by Evander to Harmony prior to the Closing Date (defined in section 2.1.1 below headed 'The Acquisition Agreement') (“Transaction Consideration“)

- Additional attributable gold resources and reserves for Wits Gold

- Immediate first attributable production ounces for Wits Gold

- First step in transition of Wits Gold from an exploration specialist to emerging mid-tier gold producer

- Upside potential in the advanced Evander development projects that contain additional gold reserve and resource ounces

- Evander is cash-flow positive

JOHANNESBURG, Jan. 30, 2012 /CNW/ -

1. INTRODUCTION
Wits Gold is pleased to announce that it has today, Monday, 30 January 2012 (“Signature Date“), together with Pan African, entered into a Sale of Shares and Claims Agreement (the “Acquisition Agreement“) with Harmony, to acquire 100% of Harmony's interest in Evander, for a total consideration of ZAR1.7 billion (approximately C$221 million) less any distributions made by Evander to Harmony prior to the Closing Date (defined in section 2.1.1 below headed 'The Acquisition Agreement'), hereinafter the “Transaction“, and the Consortium and Harmony hereinafter collectively the “Parties“.

The Evander operations are located in Mpumalanga, South Africa, and comprise the operating Evander 8 shaft, and several potential development projects namely Rolspruit, Poplar, Evander South, the Kinross metallurgical processing plant, and a tailings facility (Project Libra). The Evander 8 shaft currently has an expected life of mine of more than ten years. Evander has recently experienced a vast improvement in performance through the closure of unprofitable shafts, plants and additional investments in its infrastructure. More information on Evander is provided in section 3, headed 'Background to Evander'. For more information on the members of the Consortium, refer to the notes at the end of this announcement.

This Transaction is the first step in the transition of Wits Gold from an exploration specialist to an emerging, mid-tier gold producer, with related positive cash flows. Following the appointment of Philip Kotze as Chief Executive Officer (“CEO“) of Wits Gold in August 2011, the company immediately launched a three tier strategy which comprises the acquisition of producing assets, project development and exploration. The Transaction represents the first step into delivering on the acquisition strategy, while the shallow De Bron Merriespruit (DBM) Project is being fast tracked for development, and the remaining exploration projects are taken further up the value curve.

Wits Gold's CEO, Philip Kotze, commented: “This transaction allows Wits Gold to become a producer overnight, and the cash generated from this operation will be utilised to partly fund our growth projects. Forming a partnership with Pan African has enabled both companies to make an offer for a better quality operating asset with significant upside potential. We look forward to working together with our partners to provide the best value for all our shareholders“.

2. THE TRANSACTION

2.1. Terms of the Transaction

2.1.1. The Acquisition Agreement

Under the terms of the Acquisition Agreement the Consortium will, on the Closing Date (as defined below), acquire in equal proportions:

100% of the entire issued share capital of Evander (“Sale Shares“); and
the Evander loan account due to Harmony (“Sale Claims“).

The closing date of the Transaction will be the later of 2 July 2012 and the fifth business day after the last of the conditions precedent is fulfilled or waived as the case may be (the “Closing Date“). The conditions precedents are disclosed in greater detail below, and include, amongst others, shareholder approval, relevant exchange approval (JSE and TSX) and other regulatory approvals.

2.1.2. Sale of Business Agreement

Harmony and Evander have entered into a Sale of Business Agreement whereby on and with effect from the Closing Date, Harmony undertakes to sell its business of procuring for or providing for reward, its employees to Evander for a purchase consideration of ZAR1.00 (approximately C$0.13). Consequently, all employees employed by Harmony, and who render services to or perform work for Evander, will be directly employed by Evander with effect from the Closing Date.

2.1.3. Shared Services Agreement

A shared services agreement has been entered into between Harmony and Evander (“Shared Services Agreement“) whereby Harmony has agreed to continue providing the services currently rendered by it, or any of its group companies, to Evander, and Evander has similarly agreed to continue providing the services currently rendered by it to Harmony (“Services“) from the Signature Date until the first anniversary of the Closing Date (“Shared Services Period“).

Evander shall have the right to extend the Shared Services Period for an additional six months (“Extended Period“).

2.2. The Transaction Consideration

The Transaction Consideration is a total amount of ZAR1.7 billion (approximately C$221 million), less any distributions made by Evander to Harmony by way of dividends, capital reduction or share repurchases, prior to the Closing Date, and is firstly attributable to the face value of the Sale Claims and the balance to the Sale Shares.

The Transaction Consideration will be paid by the Consortium to Harmony as follows:

- ZAR1.4 billion (approximately C$182 million) in cash payable on the Closing Date;

- Four equal cash instalments of ZAR25 million (approximately C$3 million) payable on a quarterly basis, the first quarter commencing immediately following the month in which the Closing Date occurs;

- ZAR100 million (approximately C$13 million) payable 19 months after the month during which the Closing Date falls, subject to the average rand gold price* for the preceding 12 month period being greater than ZAR410,000 per kilogram (US$1,700 per ounce) (“First Tranche“); and

- ZAR100million (approximately C$13 million) payable 31 months after the Closing Date, subject to the average rand gold price* for the preceding 12 month period being greater than ZAR450,000 per kilogram (US$1,865 per ounce) (“Second Tranche“).

*The average rand gold price will be calculated by multiplying the average of the daily London gold price quoted in US$ and the average daily ZAR/US$ exchange rate quoted by Reuters for the relevant period.

The First Tranche and the Second Tranche are payable in cash or through the issue of Wits Gold and Pan African shares, in equal rand value proportions, or a combination of cash and shares, at the election of the Consortium (“Consideration Shares“). Should the Consortium elect to settle a tranche through the issue of shares to Harmony then each of Wits Gold and Pan African will be required to issue the number of shares

arrived at by dividing ZAR50 million (approximately C$6 million) by the 30-day volume weighted average traded price of their respective securities on the JSE. The Consortium must procure that the Consideration Shares issued to Harmony (if any) does not result in Harmony having to make a mandatory offer to acquire all or any of the remaining Wits Gold or Pan African ordinary shares, as the case may be.

The Consortium intends utilising a combination of debt and equity to settle the Transaction Consideration.

3. BACKGROUND TO EVANDER

Evander, a wholly owned subsidiary of Harmony, conducts the business of exploring, prospecting, mining, recovery, treatment and commercial production of gold and related products. The Evander operations comprise:

- operating shafts: currently only the Evander 8 shaft area is being mined while Evander 7 shaft is utilised for rock hoisting;

- potential development projects: Evander South, Rolspruit, Poplar, Twistdraai and 6 shaft. Harmony has already entered into a joint venture agreement with Taung Gold Limited with respect to Twistdraai and 6 shaft and these two development projects do not form part of the Transaction;

- surface sources: the potential for processing the existing tailings dumps (Project Libra) will be considered;

- closed operations: Evander 2 shaft, 5 shaft and 9 shaft;

- metallurgical processing facilities: the Kinross plant; and

- associated infrastructure and buildings.

Ore from the mine is milled and processed at the Kinross plant using a hybrid carbon-in-pulp/carbon-in-leach (CIP/CIL) process.

4. TRANSACTION RATIONALE

The Transaction represents an attractive value proposition to the Consortium and will provide Wits Gold with an immediate increase in attributable gold resources and reserves. Undertaking this Transaction as a Consortium created the opportunity for Wits Gold to bid for a better quality asset, at lower risk and financial exposure to the company. This will result in the combination of both Wits Gold's and Pan African's specialist mining and exploration skill sets to extract maximum value from the acquisition.

The Evander operations are well known and understood by both the Wits Gold and the Pan African management teams. Evander has experienced a vast improvement in performance recently as stated in Harmony's most recent report published for the quarter ended 30 September 2011.

5. CONDITIONS PRECEDENT

The implementation of the Transaction is subject to the fulfilment of a number of conditions precedent common to a transaction of this nature including, amongst others:

- written consent being obtained from the South African Minister of the Department of Mineral Resources (“DMR“) in terms of section 11 of the South African Mineral and Petroleum Resources Development Act 28 of 2002 (“MPRDA“) for the transfer of the controlling interest in Evander to the Consortium, by 31 October 2012. Either of the Parties will be entitled to extend the date for fulfilment of this condition on written notice given provided that each such extension agreed will not be for longer than 90 days in the aggregate;

- each of the Consortium members obtaining the relevant shareholder approval for the Transaction by 31 May 2012;

- the Consortium entering into financing arrangements with a suitable financial institution/s by 31 May 2012; and

- all relevant regulatory approvals being obtained, including from the Financial Surveillance Department of the South African Reserve Bank (SARB), each of the exchanges on which the Consortium members are listed, and the South African Competition Authorities, by 31 May 2012.

Each of the Parties must use its reasonable endeavours to procure the fulfilment of the conditions precedent as soon as possible after the Signature Date

6. PRO FORMA FINANCIAL EFFECTS AND SALIENT DATES

The pro forma financial effects of the Transaction on the reported financial information of Wits Gold, as well as the salient dates relating to the implementation of the Transaction will be announced to shareholders in due course.

7. CATEGORISATION AND RELATED PARTY TRANSACTION

The Transaction constitutes a category I transaction for Wits Gold under the provisions of section 9 of the Listings Requirements of the JSE, and is also deemed a related party transaction for Wits Gold under the provisions of section 10 of the Listings Requirements of the JSE, as Harmony is currently a material shareholder (12.69%) in Wits Gold.

8. CIRCULAR

A circular containing full details of the Transaction and incorporating a notice of general meeting of shareholders, as well as revised listing particulars, will be posted to shareholders, in due course.

9. RENEWAL OF CAUTIONARY ANNOUNCEMENT

Wits Gold shareholders are referred to the cautionary announcements released by Wits Gold on the Securities Exchange News Service of the JSE on Wednesday, 28 December 2011 and Wednesday, 16 November 2011, and are advised that the pro forma financial effects of the Transaction are still being determined, and they may have a material effect on the price of Wits Gold shares. Accordingly, shareholders are advised to continue to exercise caution when dealing in Wits Gold's securities until a further announcement is made.

Note:

All amounts converted at ZAR7.69030:C$1 and ZAR7.7559:US$1.

Johannesburg
30 January 2012

JSE Sponsor to Wits Gold Limited
PricewaterhouseCoopers Corporate Finance (Pty) Limited

NOTES:

THE CONSORTIUM

Pan African is a precious metals producer dual primary listed on the Main Board of JSE Limited (“JSE“), and the Alternative Investment Market of the London Stock Exchange, and operates in South Africa and Mozambique.

Wits Gold is a gold and uranium exploration company with assets located in the Witwatersrand Basin in South Africa. Wits Gold has a primary listing on the Main Board of the JSE, and a secondary listing on the Toronto Stock Exchange and has an American Depository Receipt (ADR) programme through the Bank of New York.

FORWARD LOOKING STATEMENTS

Certain statements in this news release may constitute forward-looking information within the meaning of

securities laws. In some cases, forward-looking information can be identified by use of terms such as “may“, “will“, “should“, “expect“, “believe“, “plan“, “scheduled“, “intend“, “estimate“, “forecast“, “predict“, “potential“, “continue“, “likely“, “anticipate“ or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Forward looking information in this release includes, but is not limited to, statements regarding details of the Consortium, the terms and conditions of the Transaction, the Acquisition Agreement, the Sale of Business Agreement, the Shares Services Agreement, and anticipated timing and benefits of the Transaction.

Forward-looking information involves known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the companies to be materially different from the future results, performance or achievements expressed or implied by such forward looking information. Such risks, uncertainties and other important factors include among others: not satisfying the conditions precedent, including receipt of all necessary approvals, including all regulatory and shareholder approval; economic, business and political conditions in South Africa; decreases in the market price of gold; hazards associated with underground and surface gold mining; the ability to attract and retain qualified personnel; labor disruptions; changes in laws and government regulations, particularly environmental regulations and mineral rights legislation including risks relating to the acquisition of the necessary licences and permits; changes in exchange rates; currency devaluations and inflation and other macro-economic factors; risk of changes in capital and operating costs, financing, capitalisation and liquidity risks, including the risk that the financing required to fund the Transaction and all currently planned exploration and related activities may not be available on satisfactory terms, or at all; and the ability to maximize the value of any economic resources. These forward-looking statements speak only as of the date of this news release.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The companies undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events except where required by applicable laws.

For further information:

Philip Kotze
CEO: Wits Gold
+27 11 832 1749

Hethen Hira
Executive, Investor Relations: Wits Gold
+27 11 832 1749

For and on behalf of Wits Gold
Transaction adviser and JSE Transaction Sponsor
Macquarie First South Capital (Pty) Limited
South African legal counsel to the Transaction Eversheds
South African legal due diligence provider to the Transaction MalanScholes Attorneys
Canadian legal counsel Stikeman Elliott
Investor Relations Russell and Associates

Dieser Artikel stammt von Rohstoff-Welt.de
Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/118548--Wits-Gold-and-Pan-African-to-Acquire-100Prozent-of-Evander-Gold-Mines-Limited-and-Renewal-of-Cautionary-An

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 Datenschutzrichtlinen.