

# Brazil Resources to Acquire Brazilian Gold Corporation

30.09.2013 | [Marketwired](#)

## Highlights

- Brazil Resources agrees to acquire BGC for all-share consideration.
- BGC shareholders to receive 0.172 Brazil Resources shares for each BGC share held, representing a premium of approximately 38.9%.
- Directors, officers and significant shareholders of BGC representing, 19.7% of the outstanding BGC shares have agreed to support the transaction.
- Following completion of the transaction, current Brazil Resources shareholders will own approximately 70% of the outstanding Brazil Resources Shares and current BGC shareholders will hold approximately 30% of the outstanding Brazil Resources shares.
- Upon completion, the transaction will significantly expand the project and resource base of Brazil Resources in Pará State, including the addition of BGC's Sao Jorge and Boa Vista projects to its portfolio. At the same time current BGC shareholders have the opportunity to participate in the combined project portfolio of the companies.

VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Sep 30, 2013) - [Brazil Resources Inc.](#) ("Brazil Resources") (TSX VENTURE:BRI) (OTCQX:BRIZF) and [Brazilian Gold Corp.](#) ("BGC") (TSX VENTURE:BGC) are pleased to jointly announce that they have entered into an arrangement agreement (the "Arrangement Agreement"), pursuant to which Brazil Resources will acquire all of the outstanding common shares of BGC (the "BGC Shares") by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

Under the Arrangement, BGC shareholders will receive 0.172 common shares of Brazil Resources for each BGC Share. The share exchange ratio represents a premium on the BGC Shares of approximately 38.9% based on the volume weighted average price of each company's shares for the 30 preceding trading days. Total aggregate consideration under the Arrangement is approximately \$13.5 million.

Amir Adnani, Chairman of Brazil Resources stated: "We are very pleased to announce this transaction, which is representative of the accretive opportunities that have arisen as a result of recent market conditions. The addition of BGC's assets will position us with a leading project portfolio and development pipeline in Pará State, which is one of the most active mining jurisdictions in Brazil. Our stated growth strategy is predicated on identifying and executing on value opportunities such as this transaction and our acquisition of the Cachoeira Project last year."

Ian Stalker, Chief Executive Officer of BGC stated: "The verbal opinion received from our independent financial advisor Clarus Securities Inc. confirms the offer is fair to BGC shareholders. We believe the enlarged Brazilian gold exploration and development company, will as a consequence of the merger, have a greater market visibility and penetration, allowing the company to move forward with more certainty on the development of the quality assets in its portfolio. The Board of BGC supports the merger and is committed to the success of the new enlarged company and whilst recognizing the difficult market trading/financing environment for junior gold companies at present believe the quality of the assets will allow value to be unlocked in the future."

## Update by Brazil Resources on its Technical Disclosure

Brazil Resources also announces that it is in the process of reviewing and amending its technical report titled "Technical Report and Resource Estimate on the Cachoeira Property, Pará State, Brazil" dated effective April 17, 2013 (the "Technical Report") to respond to items of non-compliance in the Technical Report identified by the British Columbia Securities Commission as a result of a review of Brazil Resources' technical disclosure.

## **Transaction Details**

The Arrangement will be carried out by way of a plan of arrangement and is subject to court approval and the approval of at least 66 2/3% of the votes cast by BGC shareholders at BGC's special meeting (the "Meeting"), which is expected to be held in late-November 2013. The Arrangement is also subject to customary conditions, including, among other things, the receipt of applicable regulatory approvals, including approval of the TSX-V, certain third-party consents and the satisfaction of other customary closing conditions. Subject to satisfaction and/or waiver of the conditions under the Arrangement Agreement pursuant to the terms thereof, the parties expect to complete the Arrangement in late-November 2013.

An independent special committee of the BGC board of directors has reviewed and unanimously recommended approval of the Arrangement to the BGC board of directors. After taking into account such recommendation and considering, among other things, the verbal opinion of Clarus Securities Inc., financial advisors to BGC, that the consideration to be received by BGC shareholders under the Arrangement is fair from a financial point of view to BGC shareholders, the BGC board of directors has unanimously determined that the Arrangement is in the best interests of BGC and is fair from a financial point of view to BGC shareholders (other than Brazil Resources and its affiliates).

The BGC board of directors unanimously recommends that the BGC shareholders vote in favour of the Arrangement.

Pursuant to the Arrangement Agreement, BGC has agreed that it will not solicit or initiate any discussions concerning any other acquisition proposals. In the event that the Arrangement is not completed, BGC has agreed, in certain circumstances, to pay Brazil Resources a termination fee of \$570,000. BRI has agreed to pay BGC its expenses up to \$200,000 in relation to the Arrangement if the Arrangement Agreement is terminated in certain circumstances.

Directors, senior officers and key shareholders of BGC, collectively holding approximately 19.7% of the issued and outstanding BGC Shares, have entered into agreements with Brazil Resources under which they have agreed to vote their BGC Shares in favour of the Arrangement. Pursuant to the Arrangement Agreement, BGC's directors and senior officers have also entered into lock-up agreements with Brazil Resources providing that they will, among other things, not dispose of common shares of BRI acquired pursuant to the Arrangement until the earlier of: (i) 12 months after Brazil Resources completes an equity financing of at least \$5.0 million; and (ii) 18 months after the closing of the Arrangement.

Subject to TSX-V approval, certain senior officers, directors and consultants of BGC have agreed to accept BRI shares after closing of the Arrangement in satisfaction of deferred compensation and directors fees amounting to approximately \$190,000. Such shares are expected to be issued at a price per share of \$0.78 after completion of the Arrangement.

Following completion of the Arrangement and based on the current number of shares outstanding for each company, it is expected that current Brazil Resources shareholders will own approximately 70% of the outstanding Brazil Resources shares and BGC shareholders will own approximately 30% of the outstanding Brazil Resources shares (not including any shares issued after completion of the Arrangement by Brazil Resources in lieu of deferred compensation payable to BGC's officers and directors).

Details regarding these and other terms of the Arrangement are set out in the Arrangement Agreement, which will be available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information respecting the Arrangement and the Arrangement Agreement will be included in the management information circular to be filed and mailed to BGC shareholders in connection with approval of the Arrangement at the Meeting.

### **About Brazil Resources Inc.**

Brazil Resources is a public mineral exploration company with a focus on the acquisition and development of projects in emerging producing gold districts in Brazil, Paraguay and other parts of South America. Currently, Brazil Resources is advancing its Cachoeira, Montes Áureos and Trinta Gold Projects located in the Gurupi Gold Belt in the state of Maranhão, northeastern Brazil, and its Artulandia Copper-Gold Project in central Brazil.

### **About Brazilian Gold Corporation**

BGC is a Canadian-based public company with a focus on the acquisition, exploration and development of gold properties located in northern Brazil. BGC has title to one of the largest mineral exploration land

packages (3,753 km<sup>2</sup>) in the Tapajós and adjacent Alta Floresta gold provinces. The land package contains green fields to more advanced stage projects including BGC's flagship São Jorge project. Rapid improvements to regional infrastructure continue to provide underlying support to Brazilian Gold's activities in northern Brazil.

### **Forward Looking Statements**

*This document contains certain forward-looking statements that reflect the current views and/or expectations of Brazil Resources and/or BGC (the "Companies") with respect to their respective business and future events, including statements regarding the Companies' beliefs and expectations regarding the completion and/or timing of the transactions contemplated under the Arrangement Agreement. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the markets in which the Companies operate, including that: the Companies will be able to obtain all necessary consents and approvals, including any necessary court, shareholder, third-party consents and/or regulatory approval; and other conditions under the Arrangement Agreement will be fulfilled or waived by the parties. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including that the Companies may not be able to satisfy and/or obtain a waiver of their respective conditions to the transaction thereunder. These risks, as well as others, including those set forth in the Companies' respective filings with Canadian securities regulators, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements and information. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward-looking information, will prove to be accurate. Neither Company undertakes any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.*

*Neither the 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 news release.*

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/157529--Brazil-Resources-to-Acquire-Brazilian-Gold-Corporation.html>

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