

Osisko Board Recommends Shareholders Reject Goldcorp's Opportunistic Hostile Offer

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MONTREAL, Jan 20, 2014 - [Osisko Mining Corp.](#) ("Osisko" or the "Company") (TSX:OSK) (FRANKFURT:EWX) announces today that its Board of Directors, on the recommendation of its Special Committee, unanimously recommends that Osisko shareholders ("Osisko Shareholders") REJECT the hostile take-over bid ("the Goldcorp Offer") launched by [Goldcorp Inc.](#) ("Goldcorp") on January 14, 2014 and NOT TENDER their Osisko shares to the Goldcorp Offer.

After careful consideration and discussion, the Special Committee and Board of Directors have determined, following analysis by the Board of Directors with financial and legal advice, that the Offer is financially inadequate and not in the best interests of Osisko. Goldcorp's Offer significantly undervalues Osisko's world-class Canadian Malartic mine, and the rest of the Company's portfolio of high-potential projects in North America. The premium offered by Goldcorp, as well as the transaction multiples implied by the offer, are both significantly below the relevant precedents.

The Board of Directors and management of Osisko remain focused on delivering superior value to shareholders. Osisko believes the true strategic value of the Company's assets will be demonstrated as the review of value-maximizing alternatives progresses. It is important to note that, while Osisko has had several preliminary discussions with Goldcorp over the past five years, those discussions have never led to a credible proposal from Goldcorp. Instead, Osisko has been presented with highly conditional and non-binding proposals that offered inadequate premiums, and value propositions which did not warrant further consideration or engagement by Osisko. The current Goldcorp Offer implied a meager 15% premium at the time of announcement and is significantly less today.

Reject the Goldcorp Hostile Offer

The basis for the Board of Directors' recommendation will be further outlined in a Director's Circular to be filed with Canadian regulators and mailed to Osisko Shareholders. The following is a summary of the principal reasons for the Board of Directors' unanimous recommendation that Osisko Shareholders REJECT the Goldcorp Offer and NOT TENDER their Osisko shares to the Goldcorp Offer.

1. The Goldcorp Offer fails to recognize the strategic value of Osisko's world-class asset base.

Canadian Malartic is a world-class gold mine, with superior scale and costs relative to many of the producing assets held within the five largest North American domiciled gold producers. In preliminary operational and financial results for 2013, Canadian Malartic produced 475,277 ounces at a cash cost of C\$760 per ounce (and in the most recent quarter 137,321 ounces at \$713 per ounce). Canadian Malartic completed its ramp up in 2013 and is now in the optimizing phase. Osisko expects that Canadian Malartic will continue to produce more ounces on an annual basis at lower costs in the coming years as the mine benefits from optimization and access to higher grade material. Goldcorp has noted that Canadian Malartic would "improve the overall quality of its portfolio".

Canadian Malartic was developed, built, commissioned and ramped up by Osisko over the past ten years and would be extremely difficult, time-consuming and costly to replicate.

World-class, large-scale, high margin asset

With over 10 million ounces of established proven and probable reserves, Canadian Malartic is one of the world's largest gold mines. It is a flagship, senior-scale, high-margin asset. In aggregate, the five largest gold producers domiciled in North America ([Agnico Eagle Mines Ltd.](#), [Barrick Gold Corp.](#), [Goldcorp](#), [Kinross Gold Corp.](#) and [Newmont Mining Corp.](#)) have ownership interests in more than 55 producing gold mines or operations; however, only 13 of those mines or operations produced more gold than Canadian Malartic during the nine months ended September 30, 2013.

Focused in two of the world's best mining jurisdictions

Canada, and Quebec in particular, are proven mining jurisdictions, with a long history of supportive government practices, skilled and experienced labour and prospective properties. Over the last five years, the Fraser Institute's Survey of Mining Companies ranked Quebec on average as the fourth best mining jurisdiction in the world (as measured by the Fraser Institute's Mineral Policy Potential Index). Ontario, where the Company's Upper Beaver and Hammond Reef Projects are located, is also highly ranked by the Fraser Institute as a top quartile mining jurisdiction.

2. The timing of the Goldcorp Offer is opportunistic.

Canadian Malartic has completed its ramp up in throughput to steady state over the course of 2013 and is currently operating efficiently, generating significant free cash flow despite the challenging gold price environment. Canadian Malartic generated \$79.5 million of operating cash flow in Q3 2013 from 120,208 ounces of gold production. In Q4 2013, the Company experienced continued upward momentum and produced 137,321 ounces of gold at cash costs which continue to decline, now at \$713 per ounce.

In addition to showing continued historic quarter-over-quarter improvement, in 2014 through 2017 Canadian Malartic is expected to generate higher production at lower cash costs as Canadian Malartic delivers higher grade material to the mill. Furthermore, the Canadian dollar has weakened by 9.4% (relative to the US dollar) since January 1, 2013 and 6.0% (relative to the US dollar) since September 30, 2013, which is a contributing factor to an expected continuing decline in Osisko's costs in US dollar terms.

The Goldcorp Offer has been opportunistically timed to occur before Canadian Malartic enters what Osisko expects will be its most productive years.

3. Goldcorp is offering an immaterial premium which is well below those paid in relevant precedent transactions.

Goldcorp is offering a meager 15% premium based on the closing prices of Osisko and Goldcorp on the TSX as at January 10, 2014 (the last trading day prior to the announcement of the Offer) which is substantially below the premiums paid in other relevant metals and mining transactions.

Since January 10, 2014, the share prices of Osisko's gold producer peers have increased by 11.8% on average. If, in the absence of the Goldcorp Offer, the price of Osisko Shares on the TSX had increased by the same percentage, the Goldcorp Offer would represent a premium of only 3.4% as at January 17, 2014.

4. Goldcorp's prior proposals to Osisko would have all been value destructive to Osisko Shareholders.

In November 2008, April 2009 and September 2009, Osisko received highly conditional and non-binding proposals from Goldcorp which proposed or implied exchange ratios of (respectively) approximately 0.0661, 0.1805 and 0.22 Goldcorp shares for each Osisko share.

These proposed or implied exchange ratios would currently translate into values per Osisko shares of (respectively) approximately \$1.78, \$4.85 and \$5.89 for an Osisko Shareholder who retained the Goldcorp shares received (had these Goldcorp proposals been consummated), compared to Osisko's closing price of \$6.47 as at January 17, 2014.

Following careful consideration and discussion, the Board of Directors instructed Osisko's Chief Executive Officer, in each instance, to inform Goldcorp that its proposal was inadequate and that a significantly improved proposal would be required in order to receive the support of the Board of Directors, particularly in light of their view of the value potential of Osisko's stand-alone business plan.

5. Goldcorp is offering a DISCOUNT to the current trading price of Osisko shares.

Since the January 13, 2014 announcement of Goldcorp's intention to make the Goldcorp Offer, Osisko shares have consistently traded at prices above the implied price of the Goldcorp Offer. Between January 13, 2014 and January 17, 2014, approximately 109 million Osisko Shares have traded on the TSX in a range of \$6.23 to \$6.48 per Osisko Share and at a volume-weighted average price of \$6.22 per Osisko Share, versus the implied value of the Goldcorp Offer of \$5.86 per Osisko share based on the volume-weighted average price of Goldcorp's shares on the TSX during the same period.

Performance of Osisko shares during this period indicates that the market believes that the Goldcorp Offer

undervalues Osisko shares. The closing price of Osisko shares on the TSX on January 17, 2014 was \$6.47 while the implied value of the Goldcorp Offer of \$5.97 per Osisko share (based on the closing price of Goldcorp's shares on the TSX on the same date). As such, the Goldcorp Offer represented a 7.7% DISCOUNT to the closing price of the Osisko shares and in addition a 25.3% DISCOUNT to the 52-week high of Osisko shares on the TSX as at the same date.

6. Goldcorp is offering a transaction multiple significantly below precedent transaction multiples paid for large-scale gold producers.

The Goldcorp Offer represents a significant discount to the street estimates of Price/Net Asset Value ("P/NAV") multiples paid for other large-scale gold producers. The Goldcorp Offer implies a P/NAV of 1.0x as compared to the precedent multiples for large-scale producers at 1.8x. The P/NAV multiple implied by the Goldcorp Offer is also significantly below the P/NAV multiples paid by Goldcorp in its most material prior acquisitions, ranging from 1.4x to 2.4x. Of these transactions, two were acquisitions of producing assets (a transaction involving certain assets of Placer Dome Inc. and a transaction involving Glamis Gold Ltd.) where the highest P/NAV multiples were paid at 2.1 and 2.4x, recognizing the lower risk nature of production targets versus exploration or development targets.

7. Osisko Shareholders are not being adequately compensated for the risks and uncertainties that are inherent in the Goldcorp shares.

Goldcorp shares carry greater geopolitical risk.

As defined by Standard & Poor's, Goldcorp's portfolio of mines and projects carries significant geopolitical risk. Only 15% of Goldcorp's total proven and probable gold reserves are located in AAA rated countries, and only 22% of Goldcorp's proven and probable reserves in producing mines are in AAA rated countries. The remainder of Goldcorp's producing mines are located in jurisdictions which carry substantially greater geopolitical risk. Osisko's production base, on the other hand, is entirely focused in AAA rated jurisdictions.

Goldcorp shares carry higher development risk.

The Peñasquito mine in Mexico is Goldcorp's primary asset. The Peñasquito mine capital budget increased substantially from initial estimates and the mine's ramp up was delayed several times. Six years after its first gold pour, the Peñasquito mine has yet to achieve its design throughput capacity of 130,000 tonnes per day. Goldcorp has shown a repeated inability to accurately forecast at Peñasquito.

Goldcorp's three key development projects are: (i) the Eleonore project in Quebec; (ii) the Cerro Negro project in Argentina; and (iii) the Cochenour project in Ontario. Goldcorp has significantly under-delivered on these projects. Capital cost estimates at all three projects have increased substantially, and the projects have been delayed when compared to initial expectations.

Goldcorp has disclosed that Peñasquito is subject to significant legal risk.

In Goldcorp's technical report entitled "Peñasquito Polymetallic Operation" and dated January 8, 2014, (the "Goldcorp Technical Report"), Goldcorp highlights a significant risk for its primary asset and states that: "If the land use agreement with the Cerro Gordo Ejido is not upheld, there is a risk to the [Peñasquito proven and probable reserves] and mine operations as a portion of the Peñasquito pit and infrastructure associated with the Chile Colorado (Brecha Azul) pit fall within the surface rights holdings of the Cerro Gordo Ejido."

The agrarian courts in Mexico ruled on June 18, 2013 that the land use agreement Goldcorp had executed with the Ejido Cerro Gordo in September 28, 2005 was null and ordered the Cerro Gordo lands to be returned to the Ejido Cerro Gordo. These lands include 60% of the Peñasquito mine pit area, the waste dump, and explosives magazine. Goldcorp has indicated that it, along with other Ejido's and a local transportation union are appealing this ruling, but nevertheless highlights this as the most significant risk factor for Peñasquito.

Goldcorp shares have significant exposure to base metals.

Peñasquito, Goldcorp's primary asset, is not a gold mine. Based on the Goldcorp Technical Report, on an in-situ value basis only 38% of Peñasquito's reserves are attributable to gold. Conversely, Osisko's reserves are 100% gold on an in-situ value basis.

Goldcorp shares are richly valued.

As at January 10, 2014 and based on analyst consensus estimates, Goldcorp had the highest trading multiples of any of the senior gold companies with Goldcorp trading at 1.3x P/NAV and 12.0x 2014 operating cash flow.

8. Companies with a high-quality single asset often generated superior returns, versus highly diversified gold companies.

In its conference call on January 13, 2014, Goldcorp indicated that it believes that Canadian Malartic will command greater value in the Goldcorp portfolio than in a company with a single dominant producing mine. Single asset (or primarily single asset) gold companies have substantially outperformed senior gold producers, delivering much greater returns to their shareholders, even in a declining gold price environment. Goldcorp itself significantly outperformed the S&P/TSX Composite Index when it was primarily a single asset company focused on the Red Lake Mine, prior to its merger with [Wheaton River Minerals Ltd.](#) That merger transformed Goldcorp from a primarily single asset company to a multi-mine producer. Goldcorp's share price performance as compared to the S&P/TSX Composite Index has been significantly worse since that merger was announced.

9. The Goldcorp Offer is financially inadequate.

BMO Capital Markets and Maxit Capital LP, financial advisors to the Corporation, have each provided opinions to the Board of Directors to the effect that as of January 19, 2014, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered pursuant to the Goldcorp Offer is inadequate, from a financial point of view, to the Osisko Shareholders.

10. Rejection of the Goldcorp Offer by Osisko's directors and senior officers.

The directors and senior officers of Osisko have indicated to Osisko that they do not intend to tender any of their Osisko shares to the Goldcorp Offer. The directors and senior officers of Osisko, after giving effect to the exercise of all of their stock options, would hold an aggregate of 2.96 million Osisko shares, representing 0.7% of the outstanding Osisko shares on a partially-diluted basis.

11. The Goldcorp Offer is not a "Permitted Bid" under the Shareholder Rights Plan.

Osisko's Shareholder Rights Plan enables potential acquirers to make a "Permitted Bid" without the approval of the Board of Directors. To be a Permitted Bid, a take-over bid must, among other things, be open for at least 60 days and be accepted by the holders of more than 50% of the Osisko shares (other than those shares held by any Osisko Shareholder or group of Osisko Shareholders making a take-over bid). The Shareholder Rights Plan is intended to provide Osisko's Board of Directors with sufficient time to properly consider any take-over bid and to pursue competing bids or alternative strategies that could enhance shareholder value, while also making it more likely that Osisko shareholders have sufficient time to consider all appropriate alternatives. Goldcorp explicitly chose not to make a Permitted Bid, as the Goldcorp Offer is open for acceptance for only 35 days and Osisko requires a longer period of time to attract competing proposals from prospective buyers and strategic partners than that which is currently provided for in the Goldcorp Offer.

As the Goldcorp Offer is not a Permitted Bid, the rights issuable under Osisko's Shareholder Rights Plan would ordinarily separate from Osisko shares at the "Separation Time" or, the close of business on Monday, January 27, 2014. However, the Board of Directors, in accordance with the Shareholder Rights Plan, has deferred the Separation Time in respect of the Goldcorp Offer until such later date as is determined by the Board of Directors.

12. The Board of Directors is aggressively pursuing value-maximizing alternatives.

In response to the Goldcorp Offer, the Board of Directors has been working, together with Osisko's management and financial and legal advisors, to develop, review and evaluate a range of alternatives consistent with the Board of Director's focus on maximizing value to Osisko Shareholders. These alternatives include building upon existing value-enhancing initiatives, as well as engaging in discussions with third parties regarding strategic alternatives.

Tendering Osisko shares to the Goldcorp Offer before the Board of Directors and its advisors have had an opportunity to fully explore all available strategic alternatives to the Goldcorp Offer may preclude the possibility of a superior alternative transaction emerging.

13. The Goldcorp Offer is highly conditional.

The Board of Directors has reviewed, with the assistance of its financial and legal advisors, the conditions that Goldcorp has placed on the Goldcorp Offer. The Board of Directors is concerned about the fact that the Goldcorp Offer is highly conditional, to the benefit of Goldcorp.

The Board of Directors' recommendation that the Osisko Shareholders REJECT the Goldcorp Offer and NOT TENDER their Osisko shares, as well as a more detailed discussion of the basis for the Board of Directors' recommendation and the opinions provided by BMO Capital Markets and Maxit Capital LP, will be contained in a Directors' Circular that will be filed with Canadian regulators and available at www.sedar.com in the coming days. Copies of the Director's Circular will also be mailed to Osisko Shareholders. Osisko Shareholders are urged to read the Directors' Circular and accompanying opinions provided by BMO Capital Markets and Maxit Capital LP in their entirety.

How to Withdraw Shares from the Goldcorp Offer

Shareholders who have questions or who may have already tendered their shares to the Goldcorp Offer and wish to withdraw them, may do so by contacting our Information Agent, Laurel Hill Advisory Group at:

North American Toll Free: 1-877-452-7184
Banks, Brokers or collect calls: 416-304-2011
Email: assistance@laurelhill.com

Advisors and Counsel

BMO Capital Markets and Maxit Capital LP are acting as financial advisers to Osisko. Canadian legal counsel to the Company is Bennett Jones LLP and Lavery, de Billy and U.S. counsel is Skadden, Arps, Slate, Meagher & Flom LLP. The Special Committee has retained Stikeman Elliott LLP as its legal adviser.

Investor Conference Call Information

Osisko will host a conference call on Monday, January 20, 2014 at 10:00 ET, where senior management will discuss the Board recommendation. Those interested in participating in the conference call should dial in approximately five to ten minutes before the start of the conference to allow ample time to access at 416-981-9000 (Toronto local and international) or 1-800-734-8592 (North American toll free). An operator will direct participants to the call.

The conference call replay will be available from 12:00 pm ET on January 20, 2014 until 23:59 pm on February 3, 2014 with the following dial in number 416-626-4100 or toll free number: 1-800-558-5253 access code 21705281.

About Osisko Mining Corporation

[Osisko Mining Corp.](http://www.osiskomining.com) operates the Canadian Malartic Gold Mine in Malartic, Québec and is pursuing exploration on a number of properties in Ontario and Mexico.

Mr. Luc Lessard, Eng., Senior Vice-President and Chief Operating Officer of Osisko, is the Qualified Person who has reviewed this news release and is responsible for the technical information reported herein, including verification of the data disclosed.

Forward-Looking Statements

Certain statements contained in this press release may constitute "forward-looking statements". All statements in this press release, other than statements of historical fact, that address events or developments that Osisko 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",

"plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "scheduled" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur including, but not limited to: the value of the assets of Osisko (including Canadian Malartic Mine) and Goldcorp; the future financial performance of Osisko and Goldcorp; risks relating to properties, development projects and producing mines of Osisko and Goldcorp; the accuracy of reserve and resource estimates, grades, mine life and cash cost estimates; whether mineral resources can be developed; interest and exchange rates; timing and receipt of regulatory and governmental approvals; availability of financing for Osisko's development for future projects; the successful completion of new development projects, planned expansions or other projects within the timelines anticipated and at anticipated production levels; Osisko's estimation of its costs of production, expected production and productivity levels; accuracy of Osisko's resource estimate (including with respect to size, grade and recoverability); geological, operational and price assumptions in Osisko's resource estimate; general economic conditions; changes in laws, rules and regulations applicable to Osisko; competitive conditions in the mining industry; title to mineral properties; the price of gold and other metals; the strength of the economic fundamentals of gold relative to other base metals; and whether or not any alternative transaction superior to the Goldcorp Offer may emerge.

Although Osisko believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, including, without limitation, that all technical, economical and financial conditions will be met in order to achieve such events qualified by the foregoing cautionary note regarding forward-looking statements, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but not limited to: gold prices; access to skilled workers and consultants; mining development and construction personnel; results of exploration and development activities; Osisko's limited experience with production and mining operations; uninsured risks; regulatory framework and changes; defects in title; availability of personnel; materials and equipment; timeliness of government approvals; actual performance of facilities; equipment and processes relative to specifications and expectations; unanticipated environmental impacts on operations market prices; continued availability of capital and financing; general economic, market and business conditions; and the availability of alternative transactions. Many of these factors are discussed in greater detail in Osisko's most recent Annual Information Form dated March 28, 2013 and Management Discussion and Analysis dated November 13, 2013, which are available on Osisko's profile on SEDAR at www.sedar.com. Osisko cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Osisko believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release.

Non-IFRS Financial Performance Measures

The Company has included certain non-IFRS measures including "cash costs per ounce" to supplement its consolidated financial disclosure, which is presented in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash costs per ounce - "Cash costs per ounce" is defined as the production costs of one ounce of gold excluding non-cash costs for a certain period. "Cash costs per ounce" is obtained from "Production costs" and "Royalties" less non-cash "Share-based compensation" and "By-product credits (silver sales)", adjusted for "Production inventory variation" for the period, divided by the "Number of ounces of gold produced" for the period.

The reconciliation table can be found in the most recent Management Discussion and Analysis of the Company as filed on www.sedar.com.

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