

Kerr Mines and Bear Lake Gold Announce Agreement to Combine the Companies

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TORONTO, ONTARIO and LONGUEUIL, QUEBEC -- (Marketwired - Jan 24, 2014) - [Kerr Mines Inc.](#) ("Kerr Mines") (TSX:KER) and [Bear Lake Gold Ltd.](#) ("Bear Lake") (TSX VENTURE:BLG) are pleased to announce that they have entered into a letter agreement to combine the two companies (the "Transaction").

Transaction Details

Under the terms of the letter agreement, Kerr Mines proposes to issue 1.4 units (each, a "Unit") of Kerr Mines for every one (1) common share of Bear Lake (the "Exchange Ratio"). Each Unit will consist of one Kerr Mines share and one-half of one Kerr Mines warrant. Each whole Kerr Mines warrant will entitle the holder thereof to purchase one Kerr Mines share at an exercise price of \$0.16 per Kerr Mines Share for a period of two (2) years from the closing of the Transaction. Currently Kerr Mines has approximately 427 million shares issued and outstanding while Bear Lake has approximately 136 million shares issued and outstanding. As a result, approximately 190,934,163 Kerr Mines Units will be issued to former Bear Lake shareholders to acquire the 100% interest in Bear Lake. It is anticipated that the Transaction will be completed prior to the proposed acquisition of [American Bonanza Mining Corp.](#) by Kerr Mines, announced on January 23, 2014 (the "American Bonanza Transaction").

In addition, each holder of the stock options of Bear Lake outstanding as of the date of completion of the Transaction will receive such number of replacement stock options of Kerr Mines adjusted in accordance with the Exchange Ratio pursuant to the terms of the Transaction.

"We are pleased with the acquisition of Bear Lake which adds an additional 13 km strike-length of the prolific Cadillac Larder Lake break to the Kerr Mines land package, an inferred resource estimate of nearly 1 MM oz grading over 5 g/t Au and a strategic partnership through an option and joint venture with Gold Fields on the Bear Lake property," said Greg Gibson, President and CEO of Kerr Mines.

As approved by the shareholders of Kerr Mines at the annual and special meeting of the shareholders of Kerr Mines held on December 19, 2013, the Kerr Mines Shares will, following completion of the Transaction and the American Bonanza Transaction, be consolidated on a 1 for 15 basis.

Pursuant to the terms of the letter agreement, Bear Lake will be entitled to nominate one person to the board of directors of Kerr. Kerr Mines has also agreed to advance \$300,000 to Bear Lake to satisfy certain amounts and payables outstanding of Bear Lake until completion of the Transaction.

Kerr Mines and Bear Lake intends to complete the Transaction pursuant to a plan of arrangement under the Business Corporations Act (Ontario). Completion of the Transaction will be subject to certain customary conditions including, without limitation: (a) satisfactory due diligence; (b) receipt of all necessary consents, waivers, permits, exemptions, orders and approvals, including court approval of the plan of arrangement and the approval of each of the Toronto Stock Exchange (the "TSX") and the TSX Venture Exchange (the "TSXV"), as applicable; and (c) receipt of shareholder approval of the Transaction by the Bear Lake and Kerr Mines shareholders.

Subject to obtaining all required regulatory and court approvals and the satisfaction or waiver of other closing conditions, it is anticipated that the Transaction will be completed by the end of April 2014. Primary Capital Inc. is acting as financial advisor to Bear Lake.

About Kerr Mines Inc.

Kerr Mines, a Canadian-based exploration and development company, is the owner of the McGarry gold mine in Ontario's Kirkland Lake area. Including the McGarry Mine property, Kerr Mines has established a sizeable footprint of contiguous gold properties in Virginiatown on the prolific Larder Lake-Cadillac Break that extends 200 km east-west straddling the Ontario and Quebec border and that have produced 95 million ounces of gold in past operations. The McGarry Mine consists of 33 contiguous patented mining claims, including three licenses of occupation, totaling 484 hectares. The McGarry Mine is fully permitted and all

equipment and systems at the site have been brought up to standards.

In addition, in December 2010, Kerr Mines signed a definitive five-year option agreement for the purchase of up to 100 percent of the mineral rights on the Kerr-Addison property, which is adjacent to the McGarry Mine. The Kerr-Addison Gold Mine was one of Canada's largest gold producers, producing more than 11 million ounces of gold during a 58-year operating life from 1938 to 1996. In December 2012, Kerr Mines completed the purchase of the mineral rights on 18 mining claims totaling 627 acres (the Barber-Larder Property) located on the western boundary of the McGarry Mine.

About Bear Lake Gold Ltd.

The Company's Larder Lake gold project located on the Cadillac-Larder Lake Break in north-eastern Ontario is being explored under an option and joint venture agreement with Gold Fields Abitibi Exploration Corporation (a subsidiary of [Gold Fields Ltd.](#)) entitling Gold Fields to acquire up to 60% of the Larder Lake gold project by spending up to C\$40 million over 5 years. Gold Fields has spent over \$5 million in exploration on the Larder Lake Project, therefore satisfying the \$5 million minimum spending requirement under the agreement.

Neither the TSXV, the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release and has in no way passed upon the merits of the Transaction and has neither approved nor disapproved of the contents of this press release.

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Completion of the Transaction is subject to a number of conditions including but not limited to TSX and TSXV acceptance, as applicable, and if applicable, receipt of approval by Bear Lake and Kerr Mines shareholders to the Transaction. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

Cautionary Statements Regarding Forward Looking Information

This press release contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Kerr Mines or Bear Lake to be materially different from those expressed or implied by such forward-looking information, including but not limited to: (i) the possibility that the Transaction would not be completed; (ii) volatile stock price; (iii) the general global markets and economic conditions; (iv) the possibility of write-downs and impairments; (v) the risk associated with exploration, development and operations of mineral deposits; (vi) the risk associated with establishing title to mineral properties and assets; (vii) the risks associated with entering into joint ventures; (viii) fluctuations in commodity prices; (ix) the risks associated with uninsurable risks arising during the course of exploration, development and production; (x) competition faced by the resulting issuer in securing experienced personnel and financing; (xi) access to adequate infrastructure to support mining, processing, development and exploration activities; (xii) the risks associated with changes in the mining regulatory regime governing the resulting issuer; (xiii) the risks associated with the various environmental regulations the resulting issuer is subject to; (xiv) risks related to regulatory and permitting delays; (xv) risks related to potential conflicts of interest; (xvi) the reliance on key personnel; (xvii) liquidity risks; (xviii) the risk of potential dilution through the issue of resulting issuer common shares; (xix) the resulting issuer does not anticipate declaring dividends in the near term; (xx) the risk of litigation; and (xxi) risk management.

Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, completion of the Transaction, continued exploration activities, no material adverse change in metal prices, exploration and development plans proceeding in

accordance with plans and such plans achieving their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although Kerr Mines and Bear Lake have attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding Kerr Mines and Bear Lake's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this press release, and Kerr Mines and Bear Lake do not undertake to update such forward-looking information except in accordance with applicable securities laws.

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