

# Kerr Mines and Bear Lake Enter Into Arrangement Agreement

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TORONTO, ONTARIO and LONGUEUIL, QUEBEC -- (Marketwired - Feb 26, 2014) - Further to their January 24, 2014 news release, [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 an arrangement agreement dated as of February 25, 2014 (the "Arrangement Agreement").

Under the terms of the Arrangement Agreement, Kerr Mines will issue 1.4 units (each, a "Unit") of Kerr Mines in exchange for every one (1) common share of Bear Lake pursuant to a plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). 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 date of the Arrangement. Currently, Kerr Mines has 432,267,608 shares issued and outstanding while Bear Lake has 136,381,545 shares issued and outstanding. Each holder of the stock options of Bear Lake outstanding as of the date of completion of the Arrangement will receive such number of replacement stock options of Kerr Mines adjusted in accordance with the exchange ratio of 1.4 to 1. The board of directors of each of Kerr Mines and Bear Lake have approved the Arrangement.

The Arrangement must be approved by two-thirds of the votes cast by shareholders present and voting at the special meeting of Bear Lake shareholders called to consider the Arrangement. The board of directors of Bear Lake has unanimously resolved to recommend that its shareholders vote their securities in favour of the Arrangement.

The Arrangement is subject to the approval of the Ontario Superior Court of Justice, the TSX Venture Exchange, the TSX and all applicable regulatory authorities. Completion of the Arrangement is further subject to Kerr Mines shareholder approval and additional conditions set out in the Arrangement Agreement. Kerr Mines and Bear Lake expect to close the transaction on or before May 30, 2014.

It is anticipated that the closing of the Arrangement will occur prior to the proposed acquisition of American Bonanza Mining Corp. by Kerr Mines, announced on January 23, 2014 (the "American Bonanza Transaction").

As previously announced, the objective of the combination of Kerr Mines and Bear Lake is to consolidate a greater than 20-km strike length of highly prolific land on the Cadillac-Larder Lake break by creating a larger, stronger company that will be better positioned to exploit the tremendous upside potential of their projects, as well as create a higher profile company within the financial community.

Subject to the requisite shareholder approvals of each of Kerr Mines and Bear Lake, the board of directors of the company resulting from the combination of Kerr Mines and Bear Lake will consist of six nominees from Kerr Mines and one nominee from Bear Lake. 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 Arrangement and the American Bonanza Transaction, be consolidated on a 1 for 15 basis.

Primary Capital Inc. is acting as financial advisor to Bear Lake.

A copy of the Arrangement Agreement will be filed on SEDAR and will be available for viewing under the profiles of Kerr Mines and Bear Lake at [www.sedar.com](http://www.sedar.com).

## Forward-looking Statements

This news release contains certain forward-looking information as defined in applicable securities laws (referred to herein as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Specifically, this press release

includes forward-looking statements regarding the intended business combination of Kerr Mines and Bear Lake. These forward-looking statements reflect the current internal projections, expectations or beliefs of Kerr Mines and Bear Lake, based on information currently available to them. Forward-looking statements are subject to a number of risks and uncertainties, including those detailed from time to time in filings made by Kerr Mines and Bear Lake with securities regulatory authorities that may cause actual outcomes to differ materially from those discussed in the forward-looking statements. The completion of the proposed business combination is subject to a number of risks, including, without limitation, the shareholders of Kerr Mines and Bear Lake not approving the transaction or required regulatory or court approvals not being obtained. Even if the business combination is completed, which cannot be guaranteed, anticipated synergies and efficiencies or other intended benefits of the transaction may not be realized, and the prospects of the combined entity will remain subject to all the general risks associated with mineral exploration and public securities markets.

### **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.**

Bear Lake'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 \$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 Arrangement and has neither approved nor disapproved of the contents of this press release.*

*Completion of the Arrangement 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 Arrangement. Where applicable, the Arrangement cannot close until the required shareholder approval is obtained. There can be no assurance that the Arrangement 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 Arrangement, any information released or received with respect to the Arrangement may not be accurate or complete and should not be relied upon. Trading in the securities of Bear Lake or Kerr Mines should be considered highly speculative.*

### **Contact**

#### [Kerr Mines Inc.](#)

Greg Gibson, President and CEO  
ggibson@kerrmines.com

#### [Bear Lake Gold Ltd.](#)

David Fennell, Chairman of the Board and Interim CEO  
450-677-1009

Info@bearlakegold.com

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