

# Chaparral Gold Agrees to Supported Acquisition by Goldrock Mines and Waterton Global for C\$0.61 Per Share in Cash

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- Chaparral board, based on the recommendation of the special committee comprised of independent board members, unanimously recommends shareholders vote in favour of the arrangement with Goldrock and Waterton
- All-cash offer provides attractive premium and certainty of value
- Potential additional consideration of C\$0.02 per share in cash under certain circumstances
- Waterton to purchase 11.1 million Goldrock shares, and provide transaction financing
- Waterton representative to join Goldrock board

SCOTTSDALE and VANCOUVER and TORONTO - (Oct 9, 2014) - [Chaparral Gold Corp.](#) ("Chaparral") (TSX:CHL), [Goldrock Mines Corp.](#) ("Goldrock") (TSX VENTURE:GRM) and Waterton Precious Metals Fund II Cayman, LP ("Waterton") announced today that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which Goldrock will acquire all of the issued and outstanding common shares of Chaparral (the "Chaparral Shares") for C\$0.61 per Chaparral Share in cash, which represents a total equity value of approximately C\$73.4 million on a fully diluted basis.

The offer price represents a premium of 49.4% to the volume weighted average price of the Chaparral Shares on the TSX for the 20 trading days ended February 14, 2014 (the last trading day prior to the announcement of Waterton's previous take-over offer for Chaparral) and a premium of 19.6% to the closing price of the Chaparral Shares on the TSX on October 8, 2014.

The Arrangement Agreement also provides that in the event that Chaparral receives the US\$5 million installment of the receivable relating to the Rio Blanco property in Ecuador on or before December 29, 2014, the consideration will be increased by C\$0.02 per Chaparral Share in cash to C\$0.63 per Chaparral Share.

## Transaction Terms

Under the Arrangement Agreement, Goldrock will directly and indirectly acquire, by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia), 100% of the Chaparral Shares, with funding to be provided by way of a loan from Waterton at closing. Immediately following closing, Goldrock will transfer to Waterton, in repayment of this loan, the Goldfield property, a 49% interest in the Converse property, all of Chaparral's cash and cash equivalents and the receivable relating to the Rio Blanco property in Ecuador. Goldrock, as a result of these transactions, will retain ownership of a 51% interest in the Converse property and the balance of Chaparral's assets and liabilities.

Nick Appleyard, Chaparral's Chief Executive Officer, said, "After a thorough process to consider all of our alternatives, including Waterton's prior unsolicited bid, we are pleased to have been able to agree on a mutually beneficial transaction representing a successful conclusion to our value maximization process. We believe this is a fair transaction for Chaparral shareholders that provides an attractive premium for their shares in the current market and certainty of value given the all-cash consideration."

Isser Elishis, Waterton's Managing Partner and Chief Investment Officer, said, "We are pleased to have reached an agreement with the board and management of Chaparral and Goldrock. We look forward to advancing the Converse property with Goldrock in our role as a strategic capital partner, and developing the Goldfield project within Waterton's growing portfolio of high-quality Nevada assets."

Paul Matysek, Goldrock's President and Chief Executive Officer, said, "The transaction provides an attractive opportunity for Goldrock to partner with Waterton, a leading mining private equity firm, secure growth capital

for its fully permitted Linder gold project, and acquire a controlling stake in the Converse project<sup>(1)</sup>, one of the largest undeveloped gold resources in Nevada. Current industry conditions present significant opportunities for us to work with Waterton on future transactions."

(1) See details on the Converse property at [www.chaparralgold.com](http://www.chaparralgold.com).

### **Transaction Details**

The transaction has been approved unanimously by the Board of Directors of Chaparral following the unanimous recommendation of the Special Committee of independent directors and by the Board of Directors of Goldrock. The Board of Directors of Chaparral also unanimously recommends that shareholders vote in favour of the transaction at the special meeting of shareholders to be called to approve the transaction. All directors and officers of Chaparral have entered into voting support agreements pursuant to which they have agreed to vote their Chaparral Shares in favour of the transaction. Such locked-up shares represent approximately 2.6% of the Chaparral Shares on a non-diluted basis.

Under the terms of the Arrangement Agreement, Chaparral has agreed, among other things, to a customary non-solicitation provision, to grant Goldrock a right to match any alternative transaction proposal made by a third party, and to pay a fee of C\$2.27 million to Goldrock or reimburse it for its expenses under certain circumstances if a transaction is not completed.

The Arrangement Agreement is subject to certain standard conditions including approval of the transaction by the British Columbia Supreme Court and the affirmative vote of no less than 66 2/3% of Chaparral shareholders and a simple majority of the votes cast by Chaparral shareholders other than Waterton at a special meeting of Chaparral shareholders expected to be held in early December 2014. Waterton currently owns, through its wholly-owned subsidiary Waterton Precious Metals Bid Corp., 23,214,704 common shares of Chaparral, representing approximately 19.72% of the issued and outstanding common shares. Completion of the transaction is currently expected to occur in late December 2014.

The full transaction details will be set out in the management information circular, which is expected to be filed and mailed to Chaparral shareholders in connection with the approval of the transaction in mid-November 2014. Details regarding these and other terms of the transaction are set out in the Arrangement Agreement, which will be made available on Chaparral's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Fairness Opinion and Formal Valuation**

Paradigm Capital Inc. ("Paradigm"), as financial advisor to the Special Committee and independent valuator, has provided an oral opinion that as at October 8, 2014, subject to certain assumptions, qualifications and limitations, the consideration to be received by the Chaparral shareholders (other than Waterton) pursuant to the Arrangement Agreement is fair, from a financial point of view, to Chaparral shareholders (other than Waterton). Paradigm has also provided the Special Committee with an independent valuation completed under the supervision of the Special Committee and has provided an oral opinion that as at October 8, 2014, and subject to the assumptions, limitations and qualifications of such opinion, the fair market value of the Chaparral Shares is in the range of C\$0.45 to C\$0.76 per share. The fairness opinion and the formal valuation will be included in the management information circular to be mailed to shareholders in connection with the approval of the transaction.

### **Goldrock Private Placement**

Waterton has separately agreed to subscribe for 11.1 million common shares of Goldrock (the "Goldrock Shares") for C\$0.45 per share and gross proceeds of approximately C\$5,000,000 under a non-brokered private placement. The 11.1 million Goldrock Shares being acquired represent approximately 12.3% of the issued and outstanding Goldrock Shares immediately following the private placement. The Goldrock Shares are being acquired by Waterton for investment purposes and Waterton may, in the future, acquire additional securities of Goldrock or dispose of securities of Goldrock, subject to compliance with laws. The private placement is expected to close promptly, and is not subject to completion of the arrangement.

An early warning report will be filed by Waterton on Goldrock's SEDAR profile at [www.sedar.com](http://www.sedar.com) and a copy of the report may be obtained by contacting Richard J. Wells at (416) 504-3500. Waterton's address is c/o Waterton Global Resource Management Inc., 199 Bay Street, Suite 5050, Toronto, Ontario.

### **Advisors and Legal Counsel**

Chaparral's financial advisor in connection with the transaction is Maxit Capital LP and its legal counsel is Axium Law Corporation. Chaparral's Special Committee's financial advisor and independent valuator is Paradigm and its legal counsel is DuMoulin Black LLP.

Waterton's financial advisor in connection with the transaction is National Bank Financial Markets and its legal counsel is Stikeman Elliott LLP.

Goldrock's legal counsel in connection with the transaction is Blake, Cassels & Graydon LLP.

### **About Chaparral**

Chaparral is a Nevada-focused precious metals company actively permitting the 100%-owned Gemfield deposit at the Goldfield property in central Nevada. In addition to the Goldfield property, Chaparral holds a 100% interest in the Converse property, also located in Nevada.

### **About Waterton**

Waterton is a leading mining-focused private equity firm dedicated to developing high quality precious and base metals projects located in stable jurisdictions. Waterton's cross-functional, fully-integrated, in-house team of professionals have significant mining, financial and legal expertise. Waterton's proactive approach to asset management, significant sector knowledge and ability to leverage extensive industry relationships has resulted in a strong track record of managing investments in the metals sector.

### **About Goldrock**

Goldrock is an emerging gold producer focused on the development of its 100% owned Lindero gold deposit located in Salta province, northwestern Argentina. Goldrock has been granted the primary mining permit by the Salta provincial government allowing it to develop the Lindero open pit, heap leach gold mine. Results of the Lindero Feasibility Study have recently been announced. Production will be at an initial throughput rate of 15,000 TPD, increasing to 18,750 TPD during the first year of operation. Average annual production will be 109,000 ounces during the first nine years. Goldrock has assembled an experienced operating team and is arranging project financing. Goldrock's objective is to become a mid-tier gold producer with annual gold production of 250,000 ounces per year through organic growth and accretive acquisitions of near-term producing assets.

### ***Cautionary Statements:***

*This document includes certain statements that constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements include statements regarding Chaparral's, Goldrock's or Waterton's intent, or the beliefs or current expectations of Chaparral's, Goldrock's or Waterton's officers and directors. Such statements are typically identified by words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions. Forward-looking statements may relate to Chaparral's, Goldrock's or Waterton's future outlook and anticipated events or results.*

*By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond Chaparral's, Goldrock's or Waterton's control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: (a) the inability of Chaparral to obtain (i) approval of the transaction by the court, and (ii) approval of the transaction by the Chaparral shareholders at the special meeting of Chaparral shareholders; and (b) the occurrence of any other event, change or other circumstance that could give rise to the termination of the Arrangement Agreement, or the delay of consummation of the transaction or failure to complete the transaction for any other reason.*

*Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, none of Chaparral, Goldrock or Waterton assume any obligation to update, or to publicly announce the results of any change to, any forward-looking statement contained herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting*

*the forward-looking statements.*

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