

# Kaizen Discovery and Tower Resources Enter Into Period of Exclusive Negotiations

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## Kaizen plans to acquire 100% of the outstanding common shares of Tower Resources in an all-share transaction

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb 2, 2015) - Kaizen Discovery (TSX VENTURE:KZD) and [Tower Resources Ltd.](#) (TSX VENTURE:TWR) are pleased to announce that they have entered into an Exclusivity Agreement as an initial step towards a proposed transaction which would see Kaizen acquire 100% of the outstanding common shares of Tower in an all-share transaction. The exclusivity period will last for 45 days, expiring March 15, 2015, or until the execution of a definitive Arrangement Agreement, and will allow time for both companies to complete their due diligence.

The proposed exchange ratio is 0.232 of a Kaizen common share for each Tower common share. This exchange ratio implies a value of C\$0.065 for each Tower common share based on a Kaizen share price of C\$0.28. If the transaction is entered into and completed on these terms, 11,381,527 new Kaizen shares would be issued to Tower shareholders, representing approximately 6.7% of the issued and outstanding pro-forma Kaizen common shares.

Tower is a Vancouver-based mineral exploration company focused on the discovery and advancement of economic mineral projects in the province of British Columbia (BC), Canada. The current focus of the company is advancing the JD, Rabbit North and Baez projects in central and northern BC. More information on Tower is available at [www.towerresourcesltd.com](http://www.towerresourcesltd.com).

"This is another important step towards growing Kaizen's exploration portfolio with undervalued, high-quality projects that have the potential to produce and deliver minerals to Japan's industrial sector," said Kaizen's President and CEO, B. Matthew Hornor. "Tower has several impressive prospects in close proximity to our existing exploration ground at the Tanzilla and Aspen Grove projects, so we believe that the proposed combined landholding greatly enhances our potential to make a significant mineral discovery."

Mr. Hornor added that it is Kaizen's expectation that its initial exploration programs on the Tower projects will be funded by Japanese strategic partners once the acquisition is finalized and approved.

Tower's President and CEO, Mark Vanry, commented, "The proposed corporate transaction with Kaizen will provide Tower shareholders with access to capital, a complementary high-quality exploration portfolio, and additional technical expertise. Tower shareholders will have ownership in a unique exploration company with the ability to explore and develop international assets with world-class partners."

Tower's road accessible, 16,400-hectare Rabbit North Property is a large and under-explored porphyry copper and gold project located between Teck Resources' Highland Valley copper mine and New Gold's New Afton copper and gold mine. The project is near significant infrastructure, including close proximity to electric power lines and an experienced workforce in Kamloops. Tower's systematic exploration to date has been focused on nine priority copper, gold and palladium targets with documented porphyry-related mineralization and alteration covering at least 3.9 by 3.8 kilometres. Four of the targets have undergone

limited historical testing and five remain completely untested and open in all directions.

Tower's 16,000-hectare JD Property is located in north-central BC, approximately 50 kilometres north of Aurico Gold's Kemess projects. The JD Property is strategically situated in a prolific mineral belt that is characterized by numerous large, bulk tonnage porphyry copper and gold deposits (Kemess South, Kemess Underground and Kemess East) as well as high-grade, epithermal gold deposits (Baker and Shasta). The JD Property hosts numerous high-grade, near-surface epithermal gold and silver targets in addition to several porphyry copper targets, including Tower's discovery at McClaire Creek in 2013. Both the porphyry and epithermal systems are considered poorly tested and remain open in most directions and at depth.

Under the terms of the Exclusivity Agreement, Tower is not permitted to solicit or encourage any inquiries or proposals from or enter into any agreement with any person involving the sale of any Tower shares, an investment in Tower or any other business combination involving Tower. Tower is permitted to disclose information to certain agreed upon parties. If Tower breaches the exclusivity agreement and a definitive agreement with Kaizen is not executed, Tower will pay to Kaizen an expense reimbursement of C\$300,000.

The terms and conditions of the potential plan of arrangement are still being negotiated, and there is no assurance that the transaction will be successfully agreed and concluded. In addition, the final terms and conditions of the arrangement will be subject to approval of the boards of directors of Kaizen and Tower, the shareholders of Tower, as well as the applicable regulatory authorities, including the TSX Venture Exchange, and the Supreme Court of British Columbia. Both Kaizen and Tower are permitted to not proceed with the transaction if they are not satisfied with their due diligence investigations.

The technical content in this news release has been reviewed and approved by Kenneth Thorsen, BSc, P.Eng, an independent consultant to Tower and a qualified person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Properties of the Canadian Securities Administrators.

### **About Kaizen Discovery**

Kaizen is a Canadian technology-focused, mineral exploration and development company. Kaizen entered into a collaboration agreement with ITOCHU Corporation of Japan (market capitalization of approximately \$20 billion; ticker symbol 8001: Tokyo) in January 2014 and has access to HPX TechCo's proprietary geophysical Typhoon technology under a dedicated services agreement. Kaizen's long-term growth strategy is to work with Japanese entities to identify, explore and develop high-quality mineral projects that have the potential to produce and deliver minerals to Japan's industrial sector.

More information on Kaizen is available at [www.kaizendiscovery.com](http://www.kaizendiscovery.com).

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 release.

### **FORWARD-LOOKING STATEMENTS**

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in both Kaizen's and Tower's periodic filings with Canadian securities regulators. When used in this press release, words such as "will, could, plan, estimate, expect, intend, may, potential, should," and similar expressions, are forward-looking statements. Information provided in this document is necessarily summarized and may not contain all available material information.

Forward-looking statements include, without limitation, statements regarding the execution of definitive agreements, completion and expected benefits of the proposed transaction; the expectation that Kaizen's initial exploration programs on the Tower projects will be funded by Japanese strategic partners once the transaction is finalized and completed; and other statements that are not historical facts. Forward-looking statements are based on a number of assumptions and estimates that, while considered reasonable by management based on the business and markets in which Kaizen and Tower operate, are inherently subject to significant operational, economic and competitive uncertainties and contingencies.

Assumptions upon which forward-looking statements relating to the transaction have been made include that Kaizen and Tower will enter into and be able to satisfy the conditions in the Arrangement Agreement; that ongoing due diligence investigations of Kaizen and Tower will not identify any materially adverse facts or circumstances; that all required third party, regulatory, stock exchange, court and government approvals will be obtained; and that the transaction will be successfully concluded. In addition, the factors described or referred to in the section entitled "Risk Factors" in the MD&A of both companies and which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com), should be reviewed in conjunction with the information found in this news release.

Although Kaizen and Tower have attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the proposed transaction could be modified, restricted or not completed, and the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this press release are made as of the date of this press release, and Kaizen and Tower disclaim any intention or obligation to update or revise such information, except as required by applicable law, and neither Kaizen or Tower assume any liability for disclosure relating to the other company herein.

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