

# Mega Precious Metals Inc. to be Acquired by Yamana Gold

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THUNDER BAY, Apr 24, 2015 - [Mega Precious Metals Inc.](#) (TSX VENTURE:MGP) ("Mega" or the "Company") is pleased to announce that it has entered into a definitive agreement (the "Agreement") with [Yamana Gold Inc.](#) (TSX:YRI) (NYSE:AUY) ("Yamana"), whereby Yamana will acquire all of the outstanding shares of Mega under a plan of arrangement for consideration of 0.02092 of a Yamana share and cash of C\$0.001 per Mega share, equivalent to C\$0.10 per Mega share, based on the closing price of Yamana shares on the TSX on April 23, 2015. The total consideration to Mega shareholders is approximately C\$17.5 million, based on the Company's issued current and outstanding shares. Yamana has also agreed to purchase the outstanding convertible debentures held by Pacific Road Capital Resources Funds.

Mega's board of directors has unanimously approved the transaction and recommends that Mega shareholders vote in favour of the arrangement. All of the directors and officers of Mega, as well as certain shareholders who collectively own approximately 22% of Mega's issued and outstanding shares, have entered into support agreements with Yamana pursuant to which they have agreed, among other things, to support the transaction and vote their Mega shares in favour of the arrangement. Paradigm Capital Inc. has provided an opinion to Mega's board that the consideration is fair, from a financial point of view, to Mega shareholders.

## Benefits to Mega Shareholders:

- Based on April 23, 2015 closing prices, the Yamana shares offered for each Mega share represents consideration of C\$0.10 per share, representing a premium that Mega management and directors believe is fair to its shareholders in the context of the current market environment;
- Yamana is a high-quality, low-cost gold producer with a diversified, long-life production base, and its shares represent good value and offer significant upside potential;
- Mega shareholders will be provided material increase in share trading liquidity, and participation in immediate gold production through Yamana shares; and
- Yamana has the resources and technical expertise to advance Monument Bay along with its many Regional Exploration targets and the Company's other projects with a view that they may become valued additions to its Canadian portfolio.

The acquisition represents a material progression in the advancement of Monument Bay from a grass roots exploration project when Mega began to explore the project in early 2011. Mega's Chairman, Mario Stifano summarizes the board's view as follows, "We are very proud of the work that the entire Mega team has done on Monument Bay over the past 4 years. The Monument Bay Project has grown into what we consider to be one of the best development assets in the industry and we are proud to be part of this story. Our team has assembled a 338km<sup>2</sup> camp-sized land position, advanced the project to its current multi-million ounce resource, formulated a regional geological and targeting model, including the realization of a potential tungsten by-product and importantly, we have developed a positive and respectful relationship with the Red Sucker Lake First Nation. The acquisition by Yamana allows the work done on Monument Bay to continue unabated to the benefit of all stakeholders."

Glen Kuntz, Mega's CEO is keen for Yamana to continue the work on the project, stating, "My experience in dealing with Yamana's management and technical team is that they are world-class and committed to growing the Monument Bay Project along with the rest of their portfolio in Canada. This acquisition not only validates the project and its value, but also the opportunity to our shareholders to participate in the future success with one of the industry's most respected gold producers. The work Mega's team has done on Monument Bay has been remarkable, we have not only grown the initial small underground resource into a multi-million ounce resource, but also discovered multiple new deposits and structures. We believe this transaction is an excellent outcome for Mega shareholders as it provides a significant premium recognizing the value embedded in our projects. We look forward to joining their team and continuing the work we have successfully started."

"The acquisition of Mega Precious Metals advances Yamana's strategy to expand our presence in Canada,

which we established last year with the joint acquisition of Canadian Malartic and a portfolio of exploration properties in Quebec and Ontario", said William Wulf Lange, Senior Vice President, Exploration for Yamana Gold. Yamana's exploration program has contributed to unlocking value within our portfolio through consistently finding high quality ounces at our properties and we are looking forward to applying our experience and expertise at Monument Bay. The significant existing mineral resource base at Mega's Monument Bay and North Madsen Projects in particular provide an opportunity for further exploration to meaningfully increase the potential of these assets. "With the addition of Monument Bay in particular, we look forward to continuing the positive relations that have been established with the First Nations population and other stakeholders in the region, including the Government of Manitoba."

### **Transaction Details:**

Full details of the transaction will be set out in Mega's information circular that it will prepare in respect of the meeting of shareholders to approve the transaction. Mega intends to mail the information circular in mid-to-late May 2015. The transaction is expected to close in late June of 2015, subject to the satisfaction of certain conditions, including court and shareholder approval, and Yamana's satisfactory completion of its title, environmental, tax and litigation due diligence on or prior to May 15, 2015.

Pursuant to the arrangement, Mega is subject to customary non-solicitation covenants. In the event a superior proposal is made to Mega, Yamana has a 5 business-day right to match such a proposal. Under certain circumstances where the transaction is not completed, Mega has agreed to pay a termination fee of C\$700,000 to Yamana. Yamana has agreed to a C\$500,000 placement in Mega if the transaction is terminated in certain circumstances. The transaction is subject to approval by Mega shareholders, court approval and other customary conditions. Mega has engaged Paradigm Capital Inc. as its financial advisor and Bennett Jones LLP as its legal advisor in connection with the transaction. Copies of the transaction agreement, support agreements, management information circular and certain related documents will be filed with securities regulators and will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

Mega Precious Metals Inc. is a leading Canadian-based exploration company with a high quality pipeline of projects located in the mining friendly jurisdictions of Manitoba, Northwestern Ontario and Nunavut. The Company's significant portfolio includes the flagship Monument Bay Gold Tungsten Project in NE Manitoba as well as the N. Madsen Gold Project in the prolific gold mining district of Red Lake, Ontario. Mega has established a record of delivering rapid growth through their focused and low cost approach to exploration and resource development. The Company's common shares trade on the TSX Venture Exchange under the symbol MGP.

For further information and presentation material, please review the Mega website at [www.megapmi.com](http://www.megapmi.com).

### **Forward-looking Statements**

*Certain statements in this press release relating to the anticipated timing for the mailing of an information circular and the closing of the transaction, the Company's exploration activities, project expenditures and business plans are "forward-looking statements" within the meaning of securities legislation. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. These forward-looking statements represent management's best judgment based on current facts and assumptions that management considers reasonable, including, but not limited to, expectations and assumptions that the transaction will close on the terms and time expected, all regulatory approvals and other conditions will be received or satisfied for closing the transaction. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In particular, fluctuations in the price of gold or in currency markets could prevent the Company from achieving its targets. Readers should not place undue reliance on forward-looking statements. More information about risks and uncertainties affecting the Company and its business is available in Mega Precious Metal's filings which are posted on sedar at [www.sedar.com](http://www.sedar.com).*

*There is no guarantee that drill results reported in this news release will lead to the identification of a deposit that can be mined economically, and further work is required to identify a reserve or resource.*

*Neither 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.*

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