

# First Mining Responds to Coastal Gold Corp.'s Rejection of Its Acquisition Proposal

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VANCOUVER, Apr 30, 2015 - [First Mining Finance Corp.](#) (TSX VENTURE:FF) "First Mining") announces that the Special Committee of the Board of Directors of [Coastal Gold Corp.](#) (TSX VENTURE:COD) ("COD") has informed First Mining of its determination that First Mining's proposal to acquire all of the common shares of COD (the "First Mining Proposal") as announced by First Mining yesterday does not constitute a "Superior Proposal" as defined in the arrangement agreement made as of March 1, 2015, between COD and

[Sulliden Mining Capital Inc.](#) (TSX:SMC) ("Sulliden") in comparison to a revised offer from Sulliden.

Under the First Mining Proposal, each common share of COD would be exchanged for 0.122 common shares in the capital of First Mining. The First Mining Proposal implies a value of \$0.0494 per COD common share equalling a transaction value of \$8,461,374. Under the revised offer terms from Sulliden each common share of COD would be exchanged for 0.05 of a common share of Sulliden plus a payment of \$0.01 in cash per share which implies a value of \$0.0233 per COD common share equalling a total transaction value of \$3,765,311, based on the closing market price of the shares of First Mining, COD and Sulliden on April 29, 2015.

First Mining believes that the First Mining Proposal continues to offer substantially greater value to COD shareholders than the revised offer by Sulliden for the following reasons:

- The implied value of First Mining's offer of \$0.0494 per share represents a 125% premium to the implied value under Sulliden's latest offer and a 67% premium to the market price of COD shares based on relative trading prices as of the close of market on April 29, 2015.
- Not only is Sulliden's offer vastly inferior to First Mining's offer it is also 26% lower than the closing price of COD's shares on April 29, 2015.
- Despite the fact that the market capitalization of COD is 56% of that of Sulliden (\$5,076,824 vs \$9,031,399 as of close of market on April 29, 2015) the shareholders of COD would own only 19% of the issued and outstanding shares of Sulliden after closing compared to 22% of First Mining.
- The management team of First Mining has an unparalleled track record of creating value for their shareholders whereas the share price of Sulliden shares continues to languish.
- We have concerns based on the close relationships between many of the directors and management of COD, Sulliden and Forbes Manhattan, which is a major shareholder of both COD and Sulliden.
- The market for First Mining shares is considerably more liquid than the market for Sulliden's shares. Since the commencement of trading on April 6, 2015, First Mining's shares have had an average trading volume of approximately 330,000 shares per day (\$2,727,300 in aggregate value) compared to Sulliden which over the same period has had an average volume of only 80,500 shares per day (\$377,000 in aggregate value).

Keith Neumeyer, chairman of First Mining, stated, "I'm very surprised and disappointed by the Special Committee's determination. Our proposal is a superb opportunity to create value for the COD shareholders. We believe our proposal clearly delivers both greater short-term and long-term value to the COD shareholders compared to the Sulliden transaction and is clearly a Superior Proposal under the Sulliden agreement. We find it outrageous that the COD board is recommending that its shareholders accept an offer which provides less value than the current trading price of COD shares. Based on the feedback we've been receiving, and the trading activity in COD's stock over the last two days, we think that the market agrees with us. Ultimately the COD board is answerable to its shareholders and we'll be very interested to see how the shareholder vote goes."

In its latest press release, COD set out certain additional reasons why it believes that the First Mining Proposal does not constitute a "Superior Proposal" as compared to the revised Sulliden offer. While First Mining did have certain discussions with management of COD, First Mining was not given the opportunity to address any of these specific concerns with COD's special committee. Given some of the inherent conflicts between COD and Sulliden, we expect that the special committee undertook an investigation of all relevant matters. However, we are concerned that the special committee may have concluded its deliberations without considering all material information. We would like to take the opportunity to publicly address these

reasons:

"Based on publicly available information, following the payment of transaction expenses associated with the FMF Offer and associated transaction, payment of a break fee, change of control and severance costs and repayment of existing debt. In the opinion of the board, FMF would be required to raise additional funds in the short term in order to advance the Hope Brook Gold Project and expose shareholders of Coastal Gold to further dilution."

First Mining currently has cash reserves of approximately \$7 million and we expect we will not need to raise additional funds in the near term in order to complete the COD transaction or a preliminary economic assessment on the Hope Brook Project. We therefore do not anticipate that there would be any anticipated dilution to shareholders in the near term as a result of this transaction.

"Although on a post transaction basis shareholders of Coastal Gold would own approximately 22% of the shares of FMF and approximately 19% of Sulliden, the Sulliden share structure appears more attractive for the shareholders of Coastal Gold as Sulliden currently has about 50% less shares outstanding than FMF and as discussed above, the 19% resulting ownership of Sulliden is likely to be less exposed to dilution."

While Sulliden has less shares outstanding than First Mining, the Sulliden shares trade at a price per share considerably lower than the market price for First Mining's shares and the market capitalization of Sulliden is approximately 70% less than the market capitalization of First Mining. As disclosed above, management of First Mining does not expect short term dilution in First Mining's stock. On the other hand, there does not appear to be much upside potential in the Sulliden stock, even factoring in a successful combination of Sulliden with COD, as witnessed by the fact that the market price for Sulliden stock did not increase significantly on announcement of the initial agreement with COD. As discussed below, the smaller market capitalization of Sulliden also results in reduced liquidity in the market for Sulliden shares.

"FMF is a newly listed issuer. As a result, current trading volumes may not be sustained in the future. Additionally, upon review of similar resource company shells without hard assets like FMF and Sulliden, typically trade at or below their cash level. FMF currently trades at a significant multiple to their cash and comparable companies identified trade at a discount."

First Mining is vastly different in structure and assets in comparison to Sulliden. Sulliden is a shell company without any hard assets and with a management team which does not have a track record of success in the industry. First Mining on the other hand has a broad portfolio of diversified assets and a management team with a track record of bringing considerable value to shareholders. We believe that the market recognizes these differences and that is why Sulliden trades at a significant discount to its cash value while First Mining trades at a premium to its cash. In addition, the market interest for Sulliden stock is incredibly limited as can be seen by its average daily trading volume of 80,500 shares compared to First Mining's average daily trading volume of 333,000 since First Mining's listing on April 6, 2015. While it is impossible to accurately forecast the future of any specific market, First Mining does not see any reason why shareholder sentiment towards Sulliden will change. COD shareholders may also find it difficult to dispose of Sulliden shares in a limited market without further driving down the price of Sulliden's shares, further eroding the low value they are being given under the Sulliden transaction.

"In addition, FMF currently has securities outstanding that remain subject to a four month statutory hold period, which upon expiry, could put substantial selling pressure on the FMF stock once such shares become freely traded."

There is a total of 73,766,951 common shares of First Mining currently outstanding. Of these shares, 10,895,000 are currently subject to a hold period which expires August 6, 2015, representing approximately 15% of First Mining's issued and outstanding shares. Most of the owners of these shares have a close relationship with management, are very supportive and have assured management that they look at their investment in First Mining as a long term investment. There is a healthy market in First Mining's stock, with an average of 333,000 shares traded per day since First Mining's listing. Concurrent with its qualifying transaction First Mining successfully completed a \$5.2 million financing at \$0.40 per share, all of which shares have been freely trading since that date. Since listing First Mining's stock price has remained consistently strong and First Mining believes that it enjoys the full support of its shareholders. We believe that there is no reason to expect that First Mining's stock price will be significantly impacted by this event.

First Mining is currently in discussions with its advisors to determine its next steps and will provide an update when appropriate.

#### **About First Mining Finance Corp.**

[First Mining Finance Corp.](#) is a mineral property holding company whose principal business activity is to

acquire and hold high-quality mineral assets with a focus in the Americas. First Mining currently holds a portfolio of 18 mineral assets in Mexico and the United States with a focus on gold. Ultimately our goal is to increase our portfolio of mineral assets through acquisitions which are expected to be comprised of gold, silver, copper, lead, zinc and nickel.

We believe that there is no reason to expect that First Mining's stock price will be significantly impacted by this event.

### **Cautionary Note Regarding Forward-Looking Statements**

*This press release includes certain "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian and United States securities legislation including the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding the superiority of the First Mining Proposal to Sulliden's offer, statements regarding First Mining's future financing intentions, statements describing the relationship of First Mining with its shareholders, statements regarding the future market price and liquidity of both the First Mining shares and the Sulliden shares and statements regarding the future potential of Sulliden and COD assuming the Sulliden transaction is completed. All statements, other than statements of historical fact, included herein including, without limitation, statements relating to the future operating or financial performance of First Mining, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Factors which could cause such forward-looking statements to be incorrect include, among other things, changes in the relative market prices and trading volume of the shares of First Mining, COD and Sulliden, the risk that First Mining decides to raise additional funds in the near future and therefore causes dilution, the risk that an acquisition of COD by First Mining fails to generate the anticipated benefits for First Mining and its shareholders and the other risk factors set out in First Mining's filing statement dated March 18, 2015. First Mining's forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made. Except as required by law, First Mining assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.*

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### **Contact**

#### **First Mining Finance Corp.**

Patrick Donnelly, B.Sc, MBA, President  
604-639-8854  
[patrick@firstminingfinance.com](mailto:patrick@firstminingfinance.com)  
[www.firstminingfinance.com](http://www.firstminingfinance.com)

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