

# Newmarket Gold and Crocodile Gold Merge to Establish a New Platform for Gold Asset Consolidation

11.05.2015 | [Marketwired](#)

## **The Combination Forms a Strong Gold Producing Company with Enhanced Capital Markets Exposure and Access to Capital**

TORONTO and VANCOUVER, May 11, 2015 - [Crocodile Gold Corp.](#) ("Crocodile Gold") (TSX:CRK) and [Newmarket Gold Inc.](#) ("Newmarket") (TSX VENTURE:NGN) today are pleased to announce that they have entered into a definitive arrangement agreement (the "Arrangement Agreement") to combine, creating a new gold industry consolidator solidly positioned to acquire high quality gold assets in the world's best mining jurisdictions (the "Transaction").

The combination ("NewCo") creates a strong gold producing company with enhanced capital markets exposure and access to capital. NewCo will benefit from Crocodile Gold's strong asset base, established gold production of over 200,000 ounces per year and track record of free cash flow generation from the Fosterville, Stawell, and Cosmo underground gold mines in Australia. NewCo will also have a proven and experienced executive management team focused on enhanced shareholder value creation. The NewCo team will be led by Douglas Forster, Rodney Lamond, Blayne Johnson, and Robert Dufour and supported by an experienced Board of Directors including Raymond Threlkeld, Lukas Lundin, Randall Oliphant and Robert Getz. Following completion of the Transaction, NewCo will be renamed "[Newmarket Gold Inc.](#)"

Under the terms of the Arrangement Agreement, each Newmarket shareholder will receive one NewCo common share ("NewCo Share") for each Newmarket common share ("Newmarket Share") held. Each Crocodile Gold shareholder will have the option to elect to receive consideration per Crocodile Gold common share ("Crocodile Gold Share") of (i) 1.228 NewCo Shares, (ii) C\$0.37 in cash, or (iii) a combination thereof subject to a maximum aggregate cash consideration of C\$20 million (the "Crocodile Gold Consideration"). Assuming full proration, shareholders of Crocodile Gold will receive 1.088 NewCo Shares and C\$0.042 in cash for each Crocodile Gold Share held. All NewCo Shares will be issued in the Transaction on a notional 1 for 5 consolidated basis. The cash component of the Crocodile Gold Consideration will be funded from the proceeds of the Private Placement (as defined below). Assuming full proration, on completion of the Transaction and Private Placement financing, it is anticipated that NewCo will have approximately 134 million NewCo Shares issued and outstanding and approximately C\$40 million in cash on hand.

Based on the closing price of the Newmarket Shares on the TSX Venture Exchange of C\$0.30 on May 8, 2015, the Crocodile Gold Consideration represents an offer price of C\$0.37 per Crocodile Gold Share which is a premium of 37% to the closing price of Crocodile Gold Shares of C\$0.27 on the Toronto Stock Exchange on May 8, 2015 and a premium of 52.5% based on the volume weighted average prices of each respective company for the period comprising the 20 trading days ended on May 8, 2015.

Following the completion of the Transaction, existing Crocodile Gold shareholders will hold approximately 80% of NewCo Shares on a fully diluted in-the-money basis. Existing Newmarket shareholders will hold approximately 12% of NewCo Shares on a fully diluted in-the-money basis with the remaining 8% to be held by investors participating in the Private Placement.

The Transaction is subject to the approval of Newmarket and Crocodile Gold shareholders, applicable regulatory approvals and the satisfaction of customary conditions. The Transaction is expected to close in the third quarter of 2015.

## **Highlights of the Merger**

- Execution of a gold consolidation strategy: The merger establishes a material producing platform to continue to acquire high quality gold production assets and development opportunities. NewCo shareholders will be well positioned to participate in future value creation and growth opportunities.
- Strong foundation of producing gold assets: Crocodile Gold's strong asset base provides sustainable annual production with 2015 production guidance of 205,000 - 220,000 gold ounces from well-established operations in Australia, a world-class politically stable mining jurisdiction.

- Experienced operating team: Focused on operational excellence, cost reduction and reserve and resource replacement evidenced by Crocodile Gold's seven consecutive quarters of production above 53,000 ounces, and increased profitability and positive free cash flow, as at Q1 2015.
- Proven management team and Board: NewCo management team and board of directors have extensive experience in the mining industry with a long history of substantial shareholder value creation and demonstrated capabilities in financing, acquiring, and developing open pit and underground mines across the globe.
- Enhanced capital markets exposure and access to capital: NewCo management team and board of directors have relationships with key investors and analysts that will help attract strong retail and institutional support. Management's financial backing and proven ability to raise capital creates a unique operating company that can rapidly transact on value accretive gold opportunities.
- Compelling value proposition: NewCo will be well positioned with leading leverage among mid-tier gold producer equities and attractive relative valuation on net asset value, cash flow, resource, and production multiples.
- Demonstrated ability to lower costs and generate cash: Cash costs have decreased 41% since 2012 to US\$683/oz in Q1 2015 and all-in sustaining cash costs ("AISC") per ounce have decreased 44% to US\$938/oz in Q1 2015. Guidance for 2015 cash cost has been set at US\$780 - US\$860/oz and AISC guidance at US\$1,020 - US\$1,100/oz. Crocodile Gold generated US\$74.2 million in cash from operations in 2014 and a further US\$27.5 million in Q1 2015 alone. NewCo management expects the implementation of optimization efforts to lead to further declines in operating costs and superior cash flow generation.
- Large resource base with track record of resource conversion: Sustainable mining model supported by consolidated measured and indicated gold resources of approximately 4.8 million ounces and a history of replacing depleting reserves. Potential to realize additional value through exploration of over 4,000km<sup>2</sup> of prospective landholdings in known gold fields with brownfield development capability. The Northern Territory and the State of Victoria where the Crocodile Gold mines are located have produced approximately 60 million ounces of gold to date.

Douglas Forster, President and Chief Executive Officer of Newmarket stated: "The combination of Newmarket and Crocodile Gold is designed to create a strong platform for future growth and consolidation in the gold sector. This transaction recognizes the deep value of Crocodile Gold's Australian operations that produce more than 200,000 ounces of gold annually, and the excellent work of Rodney Lamond and his team having turned Crocodile Gold's diverse operating mines into strong, stable cash flow generators. This transaction is a significant step in Newmarket's goal to deliver both immediate and long-term value to shareholders through the disciplined acquisition of quality gold assets in politically stable jurisdictions worldwide. Newmarket founder's and management's direct participation via the concurrent private placement financing demonstrates our commitment to aligning management's goals with those of our shareholders and to creating significant shareholder wealth."

Rodney Lamond, President and Chief Executive Officer of Crocodile Gold stated: "The Board and Management of Crocodile Gold fully support the planned combination between our two Companies. NewCo will be well managed by a Board of Directors and senior executive management team that have an excellent track record and history of successfully growing large portfolios of mines and projects. NewCo provides an opportunity for Crocodile Gold's shareholders to participate in the long-term value and advancement of our existing assets while growing through future acquisitions. We believe this business combination will begin to benefit shareholders of both companies immediately."

### **Management Team and Board of Directors**

The management team and Board of Directors of NewCo will draw from the extensive expertise of both companies. The management team of NewCo is expected to include:

- Raymond Threlkeld: Non-Executive Chairman (Newmarket)
- Douglas Forster, M.Sc., P.Geo.: President and Chief Executive Officer (Newmarket)
- Rodney Lamond, P.Eng.: Chief Operating Officer (Crocodile Gold)
- Blayne Johnson: Executive Vice President (Newmarket)
- Robert Dufour, CA, CPA: Chief Financial Officer (Crocodile Gold)

The senior management team will further be comprised of existing management from both companies.

The Board of NewCo will be comprised of seven directors, with five directors nominated by Newmarket (including the Non-Executive Chairman and President and Chief Executive Officer) and two directors

nominated by Crocodile Gold. The nominated directors, in addition to Raymond Threlkeld and Douglas Forster, include Lukas Lundin, Randall Oliphant, Blayne Johnson, Robert Getz and another Director to be nominated by Crocodile Gold.

Robert Getz, Chairman of Crocodile Gold, added: "This merger provides Crocodile Gold's shareholders with the opportunity to both benefit from growth in the value of our existing assets and the ability to gain significant exposure to the value creation proposition that the combined companies consolidation platform represents."

### **Private Placement Financing**

In connection with the proposed Transaction, Newmarket has entered into an agreement with GMP Securities L.P. on behalf of a syndicate of underwriters (the "Underwriters") including BMO Capital Markets as co-lead underwriter, to complete a private placement of subscription receipts (the "Subscription Receipts") for total gross proceeds of C\$25 million (the "Private Placement") at a price per Subscription Receipt to be determined in the context of the market (the "Subscription Price"). The Underwriters shall receive (i) a cash commission equal to 5.0% of the gross proceeds of the Private Placement and (ii) such number of broker warrants as is equal to 5.0% of the number of Subscription Receipts sold in the Private Placement, each entitling the holder to acquire one NewCo Share for a period of 18 months at a price equal to the Subscription Price.

The gross proceeds from the Private Placement will be deposited and held in escrow and shall be released immediately prior to the completion of the Transaction upon the satisfaction of certain conditions (the "Release Conditions") on or before August 31, 2015.

Each Subscription Receipt will entitle the holder thereof to receive one NewCo Share in connection with the completion of the Transaction. Up to C\$20 million of the proceeds of the Private Placement will be used to fund the Crocodile Gold Consideration payable to Crocodile shareholders who elect to receive cash in connection with the Transaction and the remainder will be used to bolster the working capital position of NewCo upon completion of the Transaction. The Subscription Receipts will be subject to a four-month hold period, however, upon closing of the Transaction the Subscription Receipts will be automatically exchanged for freely-tradable NewCo common shares.

If the Release Conditions are not satisfied on or before August 31, 2015, or prior to such date, Newmarket advises the Underwriters or announces to the public that it does not intend to satisfy the Release Conditions, the escrow agent will return to holders of the Subscription Receipts, an amount equal to the aggregate Subscription Price for the Subscription Receipts held by them, together with a pro rata portion of interest earned on the escrowed proceeds and the Subscription Receipts will be cancelled and of no further force or effect.

Management and directors of Newmarket intend to subscribe for up to an aggregate of approximately C\$7.9 million in the Private Placement.

### **Board of Directors' Recommendations**

The Transaction was negotiated between Newmarket and Crocodile Gold on an arm's length basis. Crocodile Gold formed an independent special committee comprised of Crocodile Gold Directors. The special committee and Board of Directors of Crocodile Gold retained Salman Partners Inc. as their financial advisor. The Board of Directors of Newmarket retained GMP Securities L.P. as its financial advisor. GMP Securities L.P. has provided a fairness opinion to the Board of Directors of Newmarket and Salman Partners Inc. has provided a fairness opinion to the special committee and Board of Directors of Crocodile.

The Board of Directors of each company has determined that the Transaction is in the best interests of their respective shareholders based on a number of factors, including fairness opinions received from their respective financial advisors and the recommendation of the special committee in the case of Crocodile Gold. Each company's Board of Directors unanimously approved the terms of the Transaction and recommends that their respective shareholders vote in favor of the Transaction.

### **Details of the Transaction**

The Transaction will be effected by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario). Prior to the effective time of the Transaction, NewCo will continue out of British

Columbia into Ontario.

Pursuant to the terms of the Arrangement Agreement, and assuming full proration of the Crocodile Gold's Consideration, each Crocodile Gold shareholder will receive 1.088 NewCo Shares and C\$0.042 in cash for each Crocodile Share held and each Newmarket shareholder will receive one NewCo Share for each Newmarket Share held. All NewCo Shares will be issued in the Transaction on a notional 1 for 5 consolidated basis. All outstanding options, warrants, convertible debentures and performance share units of Crocodile Gold and all outstanding options and warrants of Newmarket will remain outstanding and will be adjusted to give effect to the Transaction as appropriate in accordance with their respective terms or pursuant to the Arrangement Agreement.

The Transaction will require the approval by at least 66 2/3% of the votes cast on a special resolution by Crocodile Gold shareholders and Newmarket shareholders present in person or represented by proxy at their respective shareholder meetings.

In addition to shareholder and court approvals, the Transaction is subject to applicable regulatory approvals and the satisfaction of other closing conditions customary in transactions of this nature, including the approval of the Toronto Stock Exchange and the TSX Venture Exchange. It is anticipated that the shareholder meetings will be held in July 2015.

The Arrangement Agreement includes customary deal protection provisions, including fiduciary-outs in specified circumstances, a right to match in favour of Newmarket, and non-solicitation provisions in favour of Newmarket. A termination fee in the amount of C\$4,000,000 will be paid to Newmarket, should the Arrangement Agreement not be completed in certain circumstances.

## **Timing**

Full details of the Transaction will be included in the management information circulars of Newmarket and Crocodile Gold to be mailed to their respective shareholders in June 2015. It is anticipated that both shareholder meetings and closing of the Transaction will take place in July 2015.

## **Advisors and Counsel**

Newmarket has retained GMP Securities L.P. to act as financial advisor to and Cassels Brock & Blackwell LLP to act as legal advisor.

Crocodile Gold has retained Salman Partners Inc. to act as financial advisor and Bennett Jones LLP to act as legal advisor.

## **Major Shareholder**

Luxor Capital Group LP ("Luxor"), which together with its affiliates control approximately 56% of the Crocodile Shares, has entered into a lock-up and voting support agreement with Newmarket pursuant to which it will vote in favour of the Transaction. Furthermore, Luxor has agreed not to dispose of more than 20% of the securities of NewCo it will own for a period of 12 months following the effective date of the Transaction. Assuming full proration, on completion of the Transaction and Private Placement financing Luxor will own approximately 43% of the issued and outstanding shares of NewCo on an issued and outstanding basis.

In addition to Luxor, each of the officers and directors of Newmarket and Crocodile Gold have entered into a voting support agreement supporting the Transaction pursuant to which they will vote any securities of the companies, as applicable, that are held by them in favor of the approval of the Transaction.

## **About Newmarket Gold Inc.**

Newmarket is a Canadian gold company focused on creating shareholder value through the acquisition of quality gold production opportunities and outstanding development stage assets in mining friendly, politically stable jurisdictions world-wide. The Company was founded by an experienced group of dealmakers, mine developers, financiers and capital markets professionals and is focused on a disciplined approach to asset acquisition and growth.

## About Crocodile Gold

Crocodile Gold is a Canadian-listed gold mining and exploration company with three operating mines in Australia. The objective of Crocodile Gold is to continue to focus on the safe and profitable operating performance from its three operating mines, Fosterville and Stawell Gold Mines in the state of Victoria and Cosmo Gold Mine in the Northern Territory. Crocodile Gold's primary goal of sustainable operating performance is achieved through building confidence in its mine plans, continuing with prudent cost management controls and targeted exploration and resource development. Sustainable operating performance from current assets is a critical step in supporting the future growth toward the Five-Year strategy of Crocodile Gold.

## Non-IFRS Disclosures

Newmarket and Crocodile Gold believe that investors use certain non-IFRS measures as indicators to assess gold mining companies, specifically all-in sustaining costs per ounce. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. Newmarket and Crocodile Gold believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

AISC is a performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the definition used herein conforms to the AISC definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. Newmarket and Crocodile Gold believe that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations. Newmarket and Crocodile Gold define AISC as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), capital lease repayments, corporate general and administrative expenses, in-mine exploration expenses and rehabilitation accretion and amortization related to current operations. AISC excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, rehabilitation accretion and amortization not related to current operations, financing costs, debt repayments, share-based compensation not related to operations, and taxes.

## Qualified Person

Mark Edwards, MAusIMM (CP), MAIG, General Manager Exploration and Business Development for Crocodile, is a "qualified person" as such term is defined in National Instrument 43-101 and has reviewed and approved the technical information and data included in this news release. See Crocodile's March 31, 2015 news release for further details with respect to the mineral resource information contained in this news release.

## Cautionary Note Regarding Forward-Looking Information

Certain information set forth in this news release contains "forward-looking statements", and "forward-looking information under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements, which include the Company's expectations about the completion of the Transaction and Private Placement, and the intended participation of management and directors of Newmarket in the Private Placement, the composition of the Board of Directors of NewCo and its senior executive team, future performance based on current results and past production, expected cash costs, and mineral resource estimates, and are based on Newmarket and Crocodile Gold's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "will", "expects", "anticipates", "believes", "projects", "plans", and similar expressions.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Newmarket, Crocodile Gold or NewCo's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: liabilities inherent in

mine development and production; geological, mining and processing technical problems; NewCo's inability to obtain required mine licences, mine permits and regulatory approvals required in connection with mining and mineral processing operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events that could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to secure adequate financing, the risk that management and directors of Newmarket may not ultimately participate in the private placement to the extent anticipated, and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Newmarket and Crocodile Gold undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Completion of the Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and disinterested Newmarket shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circulars to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Newmarket and Crocodile Gold should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

## Contact

### Newmarket Gold Inc.

Douglas Forster, President & Chief Executive Officer  
604-559-8040  
dforster@newmarketgoldinc.com  
www.newmarketgoldinc.com

### Crocodile Gold Corp.

Laura Lepore, Director, Investor Relations  
416-847-1847  
llepore@crocgold.com  
www.crocgold.com

---

Dieser Artikel stammt von [Rohstoff-Welt.de](http://Rohstoff-Welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/200246--Newmarket-Gold-and-Crocodile-Gold-Merge-to-Establish-a-New-Platform-for-Gold-Asset-Consolidation.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).