

Coastal Gold Accepts Increased Offer From First Mining Finance Corp.

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TORONTO, ONTARIO -- (Marketwired - May 12, 2015) - [Coastal Gold Corp.](#) (TSX VENTURE:COD) (FRANKFURT:CY41) ("Coastal Gold" or the "Corporation") announces that it has accepted an increased offer (the "Revised FMF Offer") to acquire all of the outstanding common shares of Coastal Gold (the "Coastal Gold Common Shares") from [First Mining Finance Corp.](#) ("FMF") by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "FMF Transaction"). In connection with the acceptance of the Revised FMF Offer, the Corporation entered into a new arrangement agreement with FMF dated May 11, 2015 (the "Arrangement Agreement"). Immediately prior to the entering into of the Arrangement Agreement, the Corporation terminated the arrangement agreement dated March 1, 2015 that was entered into with [Sulliden Mining Capital Inc.](#) ("Sulliden") and will make a termination payment of \$250,000 to Sulliden.

Under the terms of the Revised FMF Offer, FMF will acquire each outstanding Coastal Gold Common Share for 0.1625 of a FMF common share (the "Exchange Ratio"). The Exchange Ratio represents \$0.065 per Coastal Gold Common Share, based on FMF's 30-trading day volume weighted average price ("VWAP") of \$0.40. Based on the Revised FMF Offer, the implied transaction value is approximately \$13.5 million, including the assumption of \$2.5 million of Coastal Gold costs and debt. Upon completion of the FMF Transaction, Coastal Gold will be a wholly-owned subsidiary of FMF. The directors of each company have unanimously approved the FMF Transaction.

Highlights of the FMF Transaction

- 333% to the unaffected Coastal Gold Common Share price on February 27, 2015, the last trading day prior to the public announcement of the arrangement agreement made as of March 1, 2015 between Coastal Gold and Sulliden.
- FMF will pay \$0.065 per Coastal Gold Common Share based on its 30 day VWAP which represents a 100% premium to the 30-day VWAP of \$0.032 per Coastal Gold Common Share.
- FMF will assume Coastal Gold costs and debts of approximately \$2.5 million which includes the Sulliden termination payment and future costs of completing the FMF Transaction for a total consideration of \$13.5 million.
- FMF is well financed and the Arrangement Agreement is not subject to any financing or due diligence conditions.
- Following completion of the FMF Transaction, Coastal Gold shareholders will own approximately 26% of the shares of FMF providing continued exposure to the upside potential of developing the Hope Brook Gold Project.
- FMF has a strong capital markets and engineering team to move the Hope Brook Gold Project forward to production building on Coastal Gold's recently released high grade underground mineral resource.
- As soon as reasonably practicable following the effective date of the FMF Transaction, FMF has committed to initiate and complete a preliminary economic assessment (PEA), as such term is defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* on the Hope Brook Gold Project.

Dr. Bill Pearson, President and Chief Executive Officer of Coastal Gold, commented "We are very pleased with the FMF agreement, which will provide the necessary funding as well as access to strong corporate and engineering teams to move the Hope Brook Gold Project forward. The FMF team has a strong track record of success in mine development and mine operations with companies such as First Quantum and First Majestic Silver. Coastal Gold shareholders will be able to participate in the upside of Hope Brook through their FMF shares. I look forward to working with the FMF team to close this transaction."

Keith Neumeyer, Chairman of FMF commented: "We are very pleased to have reached this agreement with Coastal Gold. We feel that COD's Hope Brook Gold Project fits well into our overall portfolio strategy. We strongly believe that the combination of our company with Coastal Gold will supplement our existing diverse asset portfolio and provide Coastal Gold shareholders with exposure to a broad portfolio which is diversified across a number of minerals and geographic areas. We are confident that we can deliver on our growth plans to all First Mining and Coastal Gold shareholders following completion of this acquisition."

Determinations by the Coastal Gold Special Committee and Board of Directors

The special committee (the "Special Committee") of the Coastal Gold board of directors (the "Board") considered both the revised Sulliden and FMF offers as well as the highlights of the Revised FMF Offer described above. Having reviewed the Sulliden and FMF offers, and the interests of all stakeholders in Coastal Gold, the Special Committee recommended that the Board accept the Revised FMF Offer. The Board has, together with its outside legal and financial advisors, reviewed the Revised FMF Offer to acquire all of the issued and outstanding Coastal Gold Common Shares and has determined that the Revised FMF Offer constitutes a Superior Proposal as defined in the arrangement agreement dated March 1, 2015 which was entered into between Coastal Gold and Sulliden. After being presented with the Revised FMF Offer, Sulliden has waived its right to match pursuant to the arrangement agreement dated March 1, 2015 which was entered into between Coastal Gold and Sulliden.

Recommendation of the Coastal Gold Board of Directors

The Board unanimously supports the proposed FMF Transaction. The Special Committee reviewed the Revised FMF Offer with its financial advisor, Portfolio Strategies Securities Inc. ("PSSI"). Based on PSSI's analysis, the Special Committee has determined that the consideration to be received by the Coastal Gold shareholders in connection with the FMF Transaction is a superior offer relative to the existing agreement with Sulliden, and has recommended that the Board make a recommendation to the Coastal Gold shareholders to support the FMF Transaction. Based on the recommendation of the Special Committee, the Board recommends that Coastal Gold shareholders vote in favour of the FMF Transaction at the shareholders meeting to be held to approve the FMF Transaction. The Revised FMF Offer has an implied value of \$0.065 per Coastal Gold Common Share versus an implied value of \$0.025 in the existing offer from Sulliden. The Revised FMF Offer includes a strengthened commitment from FMF to complete a preliminary economic assessment of the Hope Brook Gold Project. Additionally, the Revised FMF Offer represents a 100% premium to Coastal Gold's 30 day VWAP. Additional reasons for the Board's recommendation will be detailed in the aforementioned management information circular of Coastal Gold.

FMF Transaction Details

Pursuant to the terms of the Arrangement Agreement, the FMF Transaction will be conducted by way of a court approved plan of arrangement under the *Business Corporations Act* (Ontario), resulting in Coastal becoming a wholly-owned subsidiary of FMF. Each Coastal Gold Common Share issued and outstanding immediately prior to closing of the FMF Transaction will be exchanged for 0.1625 of a FMF common share. All options of Coastal Gold that are outstanding immediately prior to closing of the FMF Transaction will, following closing and subject to regulatory approval, be exercisable for that number of shares of FMF using the same exchange ratio applicable to the Coastal Gold Common Shares under the FMF Transaction, with corresponding adjustment to the exercise prices on the basis of such exchange ratio.

Additionally, FMF and Coastal Gold entered into a bridge loan agreement whereby FMF has advanced \$950,000 to Coastal Gold (the "Loan"). The Loan will accrue interest at the rate of 8% per annum and mature on the earliest to occur of the completion of the FMF Transaction, the termination of the Arrangement Agreement or November 11, 2015 (the "Maturity Date"). Pursuant to the terms of the Loan, in the event the Arrangement Agreement is terminated, Coastal Gold shall, in certain circumstances, have the right to repay in full or in part, the principal amount of the Loan that is outstanding together with all accrued and unpaid interest thereon through the issuance of Coastal Gold Common Shares to FMF at a price (the "Exchange Price") per Coastal Gold Common Share equal to: (a) in the case of the principal amount of the Loan, \$0.05 per share; and (b) in the case of accrued and unpaid interest, subject to TSX Venture Exchange approval at the time of settlement, the Market Price (as defined in the policies of the TSX Venture Exchange) of the Coastal Gold Common Shares. A portion of the proceeds of the Loan shall be used to repay \$200,000 to Sulliden in respect of a loan made in connection with the Corporation's proposed arrangement with Sulliden and to make the termination payment of \$250,000 to Sulliden pursuant to the terms and conditions of the arrangement agreement dated March 1, 2015 that was entered into between Coastal Gold and Sulliden.

The FMF Transaction is subject to customary conditions for transactions of this nature, including:

- Approval by a minimum of 66 2/3% of the votes cast by Coastal Gold shareholders represented in person or by proxy at a special meeting of shareholders, as well as approval by a majority vote that will exclude the votes of certain related parties of the company as required by Multilateral Instrument 61-101 - Protection of Minority Shareholders in Special Transactions, the details of which will be contained in the information circular to be provided to shareholders of Coastal Gold in connection with the special meeting to consider the FMF Transaction;

- Approval/acceptance of the TSX Venture Exchange of the FMF Transaction and the listing of the FMF common shares to be issued to holders of Coastal Gold Common Shares; and
- Coastal Gold shareholders holding collectively not more than twenty-five (25%) percent of the outstanding Coastal Gold Common Shares having exercised their dissent rights.

The Arrangement Agreement includes a commitment by Coastal Gold not to solicit alternative transactions to the proposed FMF Transaction and provides that if Coastal Gold terminates the FMF Transaction in certain circumstances it shall be obligated to pay \$500,000 to FMF on account of costs and expenses in connection with the FMF Transaction.

Each party has also been provided with certain other rights, representations and warranties and covenants customary for a transaction of this nature, and FMF has the right to match any competing offers made to Coastal Gold. Further, Coastal Gold shareholders will be granted dissent rights which, if exercised in accordance with applicable requirements, will provide such shareholders the right to be paid the fair value for their Coastal Gold Common Shares by Coastal Gold.

Timing

In connection with the execution of the Arrangement Agreement, the special meeting of shareholders of Coastal Gold currently scheduled for Wednesday, May 13, 2015 has been adjourned. The terms of the Arrangement Agreement and the FMF Transaction will be described in greater detail in the management information circular of Coastal Gold to be filed with the regulatory authorities and mailed to Coastal Gold shareholders in accordance with applicable securities laws in respect of a special meeting of Coastal Gold shareholders to be held to approve the FMF Transaction, currently anticipated to be held in July 2015.

Subject to shareholder, court and regulatory approvals, the FMF Transaction is expected to close by the end of July 2015. Upon completion of the FMF Transaction, the existing management team and board of directors of FMF will continue to manage and direct FMF. For additional information regarding FMF's management team and board of directors please refer to the documents filed under FMF's company profile on SEDAR at www.sedar.com.

The Board cautions that there can be no assurance that the FMF Transaction contemplated by the Arrangement Agreement, as amended by the Revised FMF Offer, will be approved by shareholders of Coastal Gold or consummated.

Qualified Persons

Dr. Bill Pearson, P.Geo., President & Chief Executive Officer of Coastal Gold, a Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, has reviewed and approved the scientific and technical content of this news release.

ABOUT COASTAL GOLD

Coastal Gold is a Canadian mineral exploration company listed on the TSX Venture Exchange under the symbol "COD". Coastal Gold's flagship property is the Hope Brook Gold Project located in southwestern Newfoundland. Coastal Gold has recently announced a newly estimated high grade underground mineral resource of 5,500,000 tonnes grading 4.77 g Au/t containing 844,000 ounces gold in the indicated category and 836,000 tonnes grading 4.11 g Au/t containing 110,000 ounces gold in the inferred category. In addition, Coastal gold also has estimated inferred mineral resources in tailings of 4.9 million tonnes at 0.85 g Au/t and 0.09% copper containing 134,500 ounces of gold and 9.5 million pounds of copper. For further details on the high grade mineral resource please see the Technical Report authored by Michael Cullen, P. Geo. (an independent Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*) and titled *Mineral Resource Estimate Technical Report Hope Brook Gold Project* dated January 12, 2015.

About First Mining Finance Corp.

FMF 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. FMF 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.

Cautionary Note Regarding Forward-looking Information

This press release contains statements which may constitute "forward-looking statements" or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements regarding the estimation of mineral resources, the Revised FMF Offer, the FMF Transaction, the ability of the Corporation to complete the FMF Transaction, the determination of the Board and the Special Committee, the ability of the Corporation to complete the pre-closing obligations set out in the Arrangement Agreement and the benefits arising from the FMF Transaction and the exploration and development potential and timetable of the Hope Brook Gold Project. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to both known and unknown risks, many of which are beyond the control of the Corporation, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: general business, economic, competitive, political and social uncertainties; negotiation uncertainties; the actual results of current exploration activities; future prices of mineral prices; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and shortages and other risks of the mining industry. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Completion of the FMF Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance. Additionally, the FMF 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 circular to be prepared in connection with the transaction, any information released or received with respect to the FMF Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Coastal Gold should be considered highly speculative.

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

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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