

CB Gold Inc. Board Unanimously Rejects Highly-Conditional, Non-Binding, All Share Offer From TSX-V Junior

13.06.2015 | [Marketwired](#)

Reaffirms Recommendation That Shareholders Vote for Previously Announced Sale Transaction

VANCOUVER, BC -- (Marketwired - June 12, 2015) - [CB Gold Inc.](#) (TSX VENTURE: CBJ) ("CB Gold" or the "Company") reports that it has rejected an all-share, non-binding, highly-conditional offer from TSX Venture Exchange listed [Red Eagle Mining Corp.](#) ("Red Eagle") to acquire the shares of the Company by way of a plan of arrangement (the "Non-Binding Proposal").

After meeting to discuss and assess the Non-Binding Proposal, the Company's board of directors has unanimously determined the Non-Binding Proposal: is dramatically inferior to the Company's previously announced sale transaction with OM.L Trading Inc. (the "Sale Transaction"); has significant completion risk; and is disturbingly conditional in favour of Red Eagle. The board concluded that the Non-Binding Proposal is wholly unacceptable, not a viable alternative for the Company, and not in the best interests of the Company and its shareholders.

Hernan Martinez, CB Gold's Chairman states, "The only significant condition remaining for the completion of the Sale Transaction with OM.L Trading is shareholder approval at our June 23rd meeting. The Red Eagle proposal is unacceptable and aims to disrupt the Sale Transaction's approval process. In order to accept the Red Eagle proposal, we would be forced to deprive shareholders of a vote on the Sale Transaction and walk away from a materially superior transaction with OM.L Trading. At that point, our company would be out of money, in bankruptcy, and we would lose our assets to the Colombian Government. Red Eagle's non-binding proposal is unacceptable on every level."

Fabio Capponi, CB Gold's CEO states, "The Red Eagle proposal is a thinly veiled attempt to disrupt the Sale Transaction and force our Company into bankruptcy. The Sale Transaction is vastly superior to the Red Eagle proposal and I would like to take the opportunity to once again invite CB Gold shareholders to vote FOR the Sale Transaction."

By comparison, on completion of the Sale Transaction with OM.L Trading, CB Gold will continue as a fully funded royalty company with no material liabilities and minimal G&A expenses. This will position the Company with a strong balance sheet and the ability to create value for its shareholders through new opportunities, including project or royalty acquisitions and corporate transactions.

The board of directors therefore reaffirms its unanimous recommendation that all shareholders vote FOR the Sale Transaction at the shareholders meeting scheduled for 10:00 a.m. on June 23, 2015 (the "Meeting").

In rejecting the Non-Binding Proposal, the CB Gold board considered the following factors:

1. The Non-Binding Proposal provides no cash and dramatically inferior value. The estimated value of the Sale Transaction is in excess of C\$20,000,000, including US\$2,000,000 in cash paid at closing. By comparison, the market value of the all-share Non-Binding Proposal is C\$8.4 million.
1. The Non-Binding Proposal deprives CB Gold shareholders from upside and cash flow participation from the future development of the Vetas Gold Project. The Sale Transaction and the buyer's proven development expertise provide significant upside potential to CB Gold shareholders via the 3% net smelter return participation, which includes both advance royalty payment provisions (capped at US\$15 million) and a buy-back option (also capped at US\$15 million).

1. The Non-Binding Proposal is disturbingly highly-conditional, has significant completion risk, and would deprive shareholders of a vote on the Sale Transaction. Among other conditions, the Non-Binding Proposal would be subject to:
 1. Completion of Red Eagle due diligence to its sole satisfaction;
 2. Cancellation of the proposed shareholder vote to consider the Sale Transaction;
 3. Red Eagle board approval to its sole satisfaction;
 4. Negotiation of a legally binding agreement with Red Eagle;
 5. 5% break fees payable to Red Eagle;
 6. No break fees payable to CB Gold;
 7. Right-to-match in favour of Red Eagle;
 8. An exclusivity period in favour of Red Eagle; and
 9. Approval by 66 2/3% of CB Gold shareholders.
1. The Non-Binding Proposal is an attempt to put the Company into bankruptcy to frustrate OM.L Trading. Red Eagle was provided with the opportunity to complete due diligence in 2014 pursuant to a confidentiality agreement between Red Eagle and CB Gold dated February 26, 2014. Under this confidentiality agreement, Red Eagle was provided access to the Company's confidential dataroom, discussions ensued and subsequently broke down, and no commercial agreement was achieved. It is the board's opinion that Red Eagle is now looking to disrupt or delay the Sale Transaction. Such a disruption or delay is expected to lead to the Company's bankruptcy and the return of its assets to the Colombian Government, thus depriving the Company's shareholders from any future upside from the Vetas Gold Project.
1. The Non-Binding Proposal is not viable; would require extensive due diligence on Red Eagle. To pursue an all-share transaction like the Non-Binding Proposal, the Company would have to complete significant legal, governance, technical and financial due diligence on Red Eagle, its Colombian operations and its assets. The Company has neither the financial resources nor the time to complete this due diligence. To ensure protection of the Company's shareholders, due diligence would be expected to include an independent third-party review with respect to Red Eagle's in-country practices that are governed by the principles set out in the:
 1. Corruption of Foreign Public Officials Act (Canada);
 2. Foreign Corrupt Practices Act (USA); and
 3. 2010 Bribery Act (UK).
1. The Non-Binding Proposal requires CB Gold to breach a binding contract. The agreement governing the Sale Transaction is a legally binding contract which, the board has unanimously agreed, is in the best interest of shareholders. The Company would need to terminate the agreement to accept the Non-Binding Proposal, which could in certain circumstances open the Company to legal ramifications for breach or repudiation of contract.
1. Red Eagle shares are at risk of massive dilution. Pursuant to its March 25, 2015 press release, the drawdown of Red Eagle's construction loan is conditional upon Red Eagle raising US\$15 million (approximately C\$18.5 million) in additional equity and the issuance of 5 million Red Eagle share purchase warrants. At current market values and assuming an issue price for the C\$18.5m equity raise at a 10% discount to current market prices, this financing and warrant issue represents a massive dilution of approximately 77.2% to Red Eagle shareholders. At a financing discount of 20%, this extraordinary dilution increases to approximately 86.1%. As a result, any share transaction with Red Eagle would ultimately result in a destruction of value to CB Gold shareholders.

The Sale Transaction

As announced on May 19, 2015 and pursuant to the Sale Transaction, the Company has signed a legally binding definitive share purchase agreement with OM.L Trading Inc. (the "Buyer"), a company controlled by Michelle Navarro Grau, whereby the Buyer will acquire 100% of the shares in Leyhat Corporation, the Company's wholly-owned subsidiary which holds the Company's interests in its Colombian properties through its Colombian branch, Leyhat Colombia Sucursal (the "Colombian Branch").

Under the Sale Transaction, the Buyer will pay CB Gold US\$2,000,000 in cash at closing, assume existing obligations as well as ongoing liabilities of Leyhat Corporation and its Colombian Branch, and provide a 3% NSR participation, which has both advance royalty payment provisions (capped at US\$15 million) and a

buy-back option (also capped at US\$15 million). The combined value of the cash payment, the assumption of liabilities, and the buy-back value of the NSR participation to CB Gold shareholders is in excess of C\$20 million.

Voting Instructions

The Company's shareholder meeting to consider the Sale Transaction and other matters is scheduled for 10:00 a.m. on June 23, 2015. YOUR VOTE IS IMPORTANT.

The proxy cutoff time is 10:00 a.m. (Vancouver time) on Friday, June 19, 2015. If you have not received your proxy materials or would like additional copies of the proxy materials and were a shareholder on April 23, 2015, please contact your broker or the Company to receive a copy of the proxy materials.

If you have any questions regarding voting or need assistance completing the proxy materials, please contact your broker or the Company.

About CB Gold Inc.:

[CB Gold](#) is a mineral exploration company headquartered in Vancouver, British Columbia. CB Gold, through its wholly-owned subsidiary, Leyhat Colombia Sucursal, is actively pursuing the exploration and development of mineral properties in the Republic of Colombia. The Vetas Gold Project consists of a number of existing mines and exploration concessions.

For more information on CB Gold please visit our web site at www.cbgoldinc.com or contact the Company at +1 (604) 630-5870, or info@cbgoldinc.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 news release.

Cautionary Note Regarding Forward-Looking Statements: Information set forth in this news release includes forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the completion and anticipated benefits of the proposed sale transaction are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: failure to satisfy all conditions precedent to the transaction, including disinterested shareholder approval and stock exchange regulatory approval, and the additional risks identified in the management discussion and analysis section of the Company's interim and most recent annual financial statement or other reports and filings with Canadian securities regulators. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the respective companies undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements.

Contact

[CB Gold](#)

+1 (604) 630-5870
info@cbgoldinc.com
www.cbgoldinc.com

Dieser Artikel stammt von [Rohstoff-Welt.de](https://www.rohstoff-welt.de)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/203515--CB-Gold-Inc.-Board-Unanimously-Rejects-Highly-Conditional-Non-Binding-All-Share-Offer-From-TSX-V-Junior.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 [Datenschutzrichtlinen](#).