

Red Eagle Mining Announces Superior Bid for CB Gold

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VANCOUVER, June 16, 2015 /CNW/ - [Red Eagle Mining Corp.](#) (TSX-V: RD, OTCQX: RDEMF, SSE-V: RDCL) today announced that it intends to make a takeover bid (the "Offer") to acquire all of the issued and outstanding shares of [CB Gold Inc.](#) ("CB Gold") in exchange for shares of Red Eagle Mining. Under the terms of the Offer, each CB Gold common share will be exchanged for 0.162 of a Red Eagle Mining common share with an implied value of \$0.051 per CB Gold common share and an implied total offer value for all outstanding CB Gold shares of approximately \$8.4 million.

The Offer represents a premium of 46% to CB Gold's 20-day volume weighted average share price ("VWAP") of \$0.035 and to CB Gold's closing share price of \$0.035 on June 12, 2015, the last trading day prior to CB Gold's announcement of Red Eagle Mining's proposal.

"Following the announcement of the OM.L Transaction, Red Eagle Mining was contacted by several of CB Gold's largest shareholders who were unhappy with the proposed sale of CB Gold's principal asset. Red Eagle Mining submitted an indicative term sheet to CB Gold on June 4, 2015 and a binding proposal on June 10, 2015, in good faith. All overtures were rebuffed with the only response being CB Gold's press release dated June 12, 2015. As a result, we are presenting our proposal directly to CB Gold shareholders." comments Ian Slater, Chief Executive Officer. "We believe that the Offer represents a clearly superior alternative for CB Gold shareholders."

Reasons to Accept the Red Eagle Mining Offer

- Significant Premium - The Offer represents a premium of 46% to CB Gold's 20-day VWAP of \$0.035 and CB's closing share price of \$0.035 on June 12, 2015, the last trading day prior to CB Gold's announcement of Red Eagle Mining's proposal;
- Premium to OM.L Transaction - \$8.4 million in measurable market value to CB Gold shareholders versus \$2 million and a royalty with uncertain value;
- Major Shareholder Rejection of the OM.L Transaction – Red Eagle Mining has been advised by shareholders holding approximately 30% of the CB Gold shares outstanding that they currently intend to vote against the proposed transaction between CB Gold and OM.L Trading Inc. for the proposed sale of Leyhat Corporation (the "OM.L Transaction") that was announced on May 19, 2015;
- Market Rejection of the OM.L Transaction – CB Gold's closing share price on May 19, 2015 (prior to the announcement of the OM.L Transaction) was \$0.050 with the shares subsequently trading as low as \$0.025 before closing at \$0.035 on June 12, 2015 (prior to CB Gold's announcement of Red Eagle Mining's proposal). CB Gold's VWAP was \$0.051 for the 20-day period prior to the announcement of the OM.L Transaction and \$0.035 for the 20-day period post announcement;
- Gold Development Company Exposure - Participation in the fully permitted Santa Rosa Gold Project in Colombia which is expected to be in production during 2016;
- Vetas Exposure - Continued participation in CB Gold's Vetas Project;
- Colombian Experience - Red Eagle Mining's proven experience in permitting, financing and developing underground gold projects in Colombia; and
- Superior Financial Capacity - Red Eagle Mining's stronger financial capacity and institutional shareholder base, including 19.9% shareholders Liberty Metals & Mining Holdings LLC and Orion Mine Finance.

Proposed OM.L Trading Transaction

The OM.L Transaction as announced on May 19, 2015 proposes the sale of the Vetas Project for \$2 million, advance royalty payments of \$30,000 per month (assuming \$1,200 per ounce gold) commencing in 24 months, increasing to \$60,000 per month commencing in 36 months, and a 3% royalty capped at \$15 million. This is not a fully funded royalty company as presented. Moreover, this cash flow will just cover the amount required to pay CB Gold's aggregate annual management salaries of approximately \$521,290 (based on the disclosed NEO payments for CB Gold's 2014 fiscal year).

In CB Gold's disclosure regarding the proposed OM.L Transaction, CB Gold has consistently described the

transaction as having a "combined value" to CB Gold shareholders in excess of \$20 million. This disclosure is misleading as it either (i) adds the full price of the potential \$15 million buy-back of the 3% NSR being granted to OM.L Trading into the value of the transaction without also clearly stating that there is no requirement for OM.L Trading to exercise the buy-back or that the buy-back can be exercised in whole or in part, meaning that potentially none of or only a portion of the \$15 million would ever be received by CB Gold; or (ii) adds the full value of the royalty capped at \$15 million without taking into consideration discounting future cash flows to current net present value and that the amount of royalty payments and their timing remain uncertain.

About the Red Eagle Mining Offer

The Offer will be made for all of the issued and outstanding common shares of CB Gold and will be open for acceptance for at least 35 days following commencement of the Offer. The Offer will be subject to the rejection of the proposed OM.L Transaction by CB Gold shareholders at CB Gold's Annual General and Special Meeting to be held June 23, 2015, as well as certain customary conditions including the deposit under the Offer of CB Gold common shares representing not less than 51% of CB Gold shares, receipt of all necessary regulatory approvals, no material adverse change in CB Gold and CB Gold's shareholder rights plan being waived, invalidated, or cease-traded. The Offer will not be subject to the approval of Red Eagle Mining's shareholders and is not subject to any financing or due diligence conditions.

The full details of the Offer will be set out in a takeover bid circular and accompanying offer documents (collectively the "Offer Documents"), which Red Eagle Mining will file with Canadian securities regulatory authorities upon formally making the Offer. Red Eagle Mining has requested a shareholders list from CB Gold and, when received, will send the Offer Documents to CB Gold's shareholders.

Advisors and Information Agent

Red Eagle Mining has engaged National Bank Financial as its financial advisor and Farris Vaughan Wills & Murphy LLP as its legal counsel in respect of the Offer. Questions and requests for assistance may be directed to Laurel Hill Advisory Group, the Information Agent for the Offer, at the contacts set out below.

About Red Eagle Mining

Red Eagle Mining is a well-financed gold exploration and development company with an experienced mine-development team. Management is focused on building shareholder value through discovering and developing gold projects with low costs and low technical risks in Colombia, a jurisdiction with prolific historic production but until recently limited modern exploration. Red Eagle Mining is developing the 100 km² historic Santa Rosa Gold Project located in the Antioquia Batholith. Development will initially commence with the fully permitted San Ramon Gold Mine where a positive Feasibility Study supports project development.; Construction is scheduled to commence in 2015 with production in 2016.

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 release. This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements. This news release does not constitute an offer to sell or a solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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