

# Oceanagold to acquire Romarco creating the lowest cost gold producer globally

30.07.2015 | [CNW](#)

MELBOURNE and TORONTO, July 30, 2015 /CNW Telbec/ - [OceanaGold Corp.](#) (TSX/ASX/NZX: OGC) ("OceanaGold") and [Romarco Minerals Inc.](#) (TSX: R) ("Romarco") are pleased to announce that the companies have entered into a definitive agreement (the "Agreement") pursuant to which OceanaGold has agreed to acquire all of the issued and outstanding common shares of Romarco in an all-share transaction to be completed by way of a statutory Plan of Arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). Romarco's principal asset is the Haile Gold Mine located in South Carolina, United States, which is a high-grade open pit project that is currently in construction and represents one of the premier gold development assets globally.

The combination of OceanaGold and Romarco is expected to create the lowest cost gold producer in the market; propelled by a long reserve life, a portfolio of high quality assets that generate significant free cash flow and a solid pipeline of organic growth opportunities.

Under the terms of the Agreement, Romarco shareholders will receive 0.241 (the "Exchange Ratio") of an OceanaGold common share (an "OceanaGold Share") for each Romarco common share (a "Romarco Share"), representing the equivalent of C\$0.68 per Romarco Share and a premium of 72.7% based on the July 29, 2015 closing prices of OceanaGold and Romarco on the TSX and 71.8% based on the 30-day volume-weighted average price ("VWAP") of the OceanaGold Shares and the Romarco Shares on the Toronto Stock Exchange as of July 29, 2015. The Exchange Ratio implies a total equity value of approximately C\$856 million on a fully-diluted in the money basis. In addition, each option to purchase a Romarco Share will be exchanged for a replacement option to purchase OceanaGold shares adjusted based upon the Exchange Ratio.

Upon completion of the Arrangement, existing OceanaGold and Romarco shareholders will own approximately 51% and 49% of the combined company, respectively.

## Highlights of the Combined Company

- Sector leading low cost gold producer; Estimated to produce approximately 540,000 ounces of gold annually by 2017 at an All-In Sustaining Cost ("AISC") of less than US\$600/oz.
- Diversified production; Combined entity to operate from four operating platforms in three countries with approximately 75% of gold production expected to come from New Zealand and the United States in 2017.
- Financial flexibility; Combined entity will have greater financial flexibility through the combined cash position, OceanaGold's strong free cash flow generation from its existing operations and access to low-cost credit facilities. As a result, the cost of capital for the Haile development is expected to be meaningfully reduced, while maintaining a leverage profile that allows OceanaGold to continue to invest in organic growth opportunities and generate returns to shareholders.
- Technical & operational synergies; Combines OceanaGold's more than 25 years of successful development and operating experience in New Zealand and most recently in the Philippines where the OceanaGold team self-executed the construction and commissioning the Didipio gold-copper mine with Romarco's operating team who have successfully advanced, permitted and initiated the construction start-up of the Haile Gold Mine.

## Benefits to OceanaGold Shareholders

- Haile represents a high quality development asset and is one of the best gold development assets currently owned by a junior
- Low cost production - Haile's year 1 (2017) estimated AISC of US\$414/oz
- Positive geographic diversification, as the United States represents a top-tier mining jurisdiction
- Enhanced growth profile as the combined company is estimated to produce approximately 540,000 gold ounces in 2017

- Meaningfully accretive on a net asset value basis to OceanaGold shareholders

### Benefits to Romarco Shareholders

- Immediate premium to Romarco shareholders of 72.7% based on the closing price of OceanaGold and Romarco on July 29, 2015 and 71.8% based on the 30-day volume-weighted average closing prices
- Exposure to OceanaGold's asset portfolio of operating mines diversifies Romarco's single-asset and development-stage risks
- Enhanced financial position with cash flow from OceanaGold's producing mines and access to low cost credit facilities
- Construction of Haile will benefit from the combined OceanaGold and Romarco mine development and operating expertise

Mick Wilkes, Managing Director & CEO of OceanaGold, stated: "We are very pleased to bring this transaction forward to the benefit of both sets of our valued shareholders. OceanaGold has remained disciplined in its growth initiatives while building and preserving a robust balance sheet and positioning the company for the value-creating opportunities that complement our existing portfolio of high-quality assets." He added, "We believe the addition of the low-cost, long-life Haile Gold Mine provides such an opportunity while underpinning an industry leading business. The combination of the sector low cost profile with significant free cash flow generation, diversified production and a pipeline of organic growth opportunities forms the lowest cost gold producer globally."

"We are aligned with Romarco in our philosophy towards social responsibility and therefore, see this important attribute as another good fit for our company," Mr. Wilkes added.

Diane Garrett, President & CEO of Romarco stated: "This transaction with OceanaGold represents a logical business combination that will create a premier intermediate gold producer with a diversified asset base that includes four low-cost operating platforms, a significant organic growth profile, all of which is underpinned by a solid balance sheet and led by a combined experienced and proven operating team. We are confident that our shareholders will benefit from the value-creating opportunities that will be realized through an expanded and diversified asset base and enhanced cash flow generating capabilities. Importantly, we believe OceanaGold has the same philosophy to social responsibility as our own."

### Transaction Summary

The implementation of the Arrangement will be subject to the approval of at least 66 2/3% of the votes cast by holders of Romarco Shares at a special meeting of Romarco shareholders expected to take place near the end of September or early October, 2015. The issuance of shares by OceanaGold under the Arrangement is also subject to the approval of a majority of the votes cast by the holders of OceanaGold Shares at a special meeting of OceanaGold shareholders, which is also expected to take place at the same time. In addition to the shareholder approvals, the Arrangement is also subject to the receipt of certain regulatory, court and stock exchange approvals and other closing conditions customary in transactions of this nature.

The Agreement has been unanimously approved by the boards of directors of each of Romarco and OceanaGold. The financial advisor to OceanaGold, National Bank Financial Inc., has provided a fairness opinion to the board of directors of OceanaGold which concludes that, subject to the assumptions, limitations and qualifications set out in such fairness opinion, the Exchange Ratio provided for in the Agreement is fair, from a financial point of view to OceanaGold. RBC Capital Markets has provided a fairness opinion to the special committee of independent directors of Romarco (the "Special Committee") and to the board of directors of Romarco that, subject to the assumptions, limitations and qualifications set out in such fairness opinion, the consideration under the Arrangement is fair, from a financial point of view, to the Romarco shareholders.

The directors and executive officers of each of OceanaGold and Romarco have entered into customary voting support agreements in favour of the transaction.

The Agreement includes a non-solicitation covenant of Romarco and gives Romarco the right to accept a superior proposal in certain circumstances and terminate the agreement. OceanaGold has a five business day right to match any superior proposal. The Agreement also provides for the payment by Romarco of a C\$34 million termination fee if the Arrangement is terminated in certain circumstances. The termination fee is payable by OceanaGold in certain circumstances.

Upon completion of the Arrangement, Romarco is entitled to appoint one member to the board of directors of OceanaGold. Diane Garrett, current President and CEO of Romarco is also expected to continue to play an important role going forward with local and regional government and stakeholder relations in the United States. In addition, OceanaGold anticipates retaining all of the local management team and employees at the Haile Gold Mine.

Further information regarding the Arrangement will be contained in a joint information circular that OceanaGold and Romarco will prepare, file and mail in due course to their respective shareholders in connection with the special meetings of each of the OceanaGold and Romarco shareholders to be held to consider the Arrangement. All shareholders are urged to read the joint information circular once available as it will contain additional important information concerning the Arrangement. The Agreement will be filed on the SEDAR profiles of OceanaGold and Romarco on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Advisors and Counsel**

National Bank Financial Inc. is acting as the exclusive financial advisor to OceanaGold. Stikeman Elliott LLP is acting as legal counsel to OceanaGold. RBC Capital Markets is acting as financial advisor to Romarco. Blake, Cassels & Graydon LLP is acting as legal counsel to Romarco, Bennett Jones LLP is acting as legal counsel to the Romarco Special Committee and Paul, Weiss, Rifkind, Wharton & Garrison LLP is acting as U.S. counsel to Romarco.

### **Conference Call and Webcast Information**

OceanaGold will host a conference call on Thursday July 30, 2015 at 8:30am (Toronto, Canada time) / Thursday July 30, at 10:30pm (Melbourne, Australia time) for members of the investment community to discuss the business transaction.

A copy of the transaction investor presentation will be made available on the OceanaGold website prior to the conference call.

### **Webcast Participants**

To register, please copy and paste the link below into your browser:

<http://event.on24.com/r.htm?e=1019738&s=1&k=258DFA596AAB8E46660A0CF02562DFDD>

Teleconference Participants (required for those who wish to ask questions)

Local (toll free) dial in numbers are:

Australia: 1 800 076 068

New Zealand: 0 800 453 421

Canada & North America: 1 888 390 0605

All other countries (toll): + 1 416 764 8609

### **Playback of Webcast**

If you are unable to attend the call, a recording will be available for viewing on OceanaGold's website from 12:30pm on Thursday July 30 2015 (Toronto, Canada time) / 2:30am on Friday 31 July 2015 (Melbourne, Australian time).

### **About OceanaGold**

[OceanaGold Corp.](#), is a significant multinational gold producer with mines located on the South Island of New Zealand and in the Philippines. OceanaGold's assets encompass New Zealand's largest gold mining operation at the Macraes Goldfield in Otago which is made up of the Frasers and Coronation open pits and the Frasers underground mine. On the west coast of the South Island, OceanaGold operates the Reefton Open Pit mine. At the end of April 2015, OceanaGold announced the acquisition of the high quality Waihi Gold Mine located on the North Island of New Zealand where the transaction is expected to close in the third quarter of 2015. In the Philippines, OceanaGold owns and operates its flagship operation, the Didipio Gold-Copper Mine located on the island of Luzon. OceanaGold has a pipeline of organic growth and exploration opportunities in the Australasia and Americas regions.

OceanaGold has operated sustainably over the past 25 years with a proven track record for environmental management and community and social engagement. OceanaGold has a strong social license to operate

and works collaboratively with its valued stakeholders to identify and invest in social programs that are designed to build capacity and not dependency.

In 2015, OceanaGold expects to produce 295,000 to 335,000 ounces of gold from the combined New Zealand (excluding Waihi) and Didipio operations and 21,000 to 23,000 tonnes of copper from the Didipio operation.

OceanaGold is listed on the Toronto, Australian and New Zealand stock exchanges under the symbol OGC.

### **About Romarco**

Romarco Minerals Inc. is a gold development company focused on production primarily in the US. The Company has completed a positive Feasibility Study, received all major permits, secured financing and has commenced construction of its flagship project, the Haile Gold Mine in South Carolina. The Company's current construction schedule contemplates first production during the fourth quarter of 2016.

Romarco is listed on the Toronto stock exchange under the symbol R.

### **Cautionary Statement for Public Release**

*Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future events and future performance and reflect OceanaGold's and Romarco's expectations regarding the generation of free cash flow, execution of business strategy, future development and construction, future growth, future production, estimated costs, results of operations, business prospects and opportunities of OceanaGold and Romarco. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements.*

*Specific forward-looking statements in this public release include 2017 production estimates of gold of 540,000 ounces, a 2017 AISC of under US \$600/oz of gold, the completion of construction of the Haile Gold Mine, the completion of the Arrangement, the estimated compound growth rate at the Haile Gold Mine of 20% per year, and the estimated combined market capitalization of OceanaGold and Romarco.*

*Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions, inherent operating risks, the failure to obtain shareholder, regulatory or court approvals in connection with the Arrangement, adverse changes in the construction timetable or progress at the Haile Gold Mine, and those risk factors identified in OceanaGold's and Romarco's most recent Annual Information Form prepared and filed with securities regulators which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the each OceanaGold's name.*

*There are no assurances OceanaGold and Romarco can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to the respective management teams as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing OceanaGold and Romarco, some of which are beyond OceanaGold's or Romarco's control. Although the OceanaGold and Romarco believe that any forward-looking statements and information contained in this press release are based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. OceanaGold and Romarco expressly disclaim any intention or obligation to update or revise any forward-looking statements and information, whether as a result of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.*

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## Contact

OceanaGold  
Investor Relations - Toronto, Sam Pazuki  
Tel: +1 416 915 3123

Oceana Gold  
Media Relations - Melbourne, Andrea Atell  
Tel: +61 3 9656 5300

Michael Vaughan (Fivemark Partners)  
+61 422 622 720

Romarco  
Investor Relations - Toronto, Dan Symons  
Tel: +1 416 367 5502 OR

Tel +1 803 396 9700  
[info@oceanagold.com](mailto:info@oceanagold.com)  
[www.oceanagold.com](http://www.oceanagold.com)  
Twitter: @OceanaGold

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/207455--Oceanagold-to-acquire-Romarco-creating-the-lowest-cost-gold-producer-globally.html>

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