

Hudbay Minerals to Acquire Mason Resources

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VANCOUVER, Oct. 31, 2018 - [Mason Resources Corp.](#) (TSX:MNR; OTCQB: MSSNF – "Mason") and [HudBay Minerals Inc.](#) (TSX & NYSE: HBM – "Hudbay") are pleased to announce that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which Hudbay will acquire the remaining 86% of the issued and outstanding common shares of Mason that it does not already own (the "Arrangement"). All currency is stated in Canadian dollars, unless otherwise indicated.

Under the Arrangement, Mason shareholders will receive \$0.40 in cash for each Mason common share they own. The Arrangement values Mason at \$31 million, representing an attractive premium to recent Mason trading. The enterprise value to Hudbay, net of Mason's cash and Hudbay's current 14% ownership in Mason, is approximately US\$15 million.

Stephen Scott, President and Chief Executive Officer of Mason, comments, "We are excited to be announcing this transaction. We are very pleased with the progress we have made establishing the Ann Mason project as a world-class and highly prospective copper deposit. The acquisition by a well run, diversified, cash flowing base metal producer ensures a faster and lower risk development path for the Ann Mason project. Given its significant scale, it is not feasible for Mason to develop the mine on a stand-alone basis in a timely fashion and without considerable equity dilution and financial risk. The acquisition of Mason by Hudbay provides an opportunity for shareholders to realize immediate value from their investment in Mason."

Alan Hair, President and Chief Executive Officer of Hudbay, comments, "The acquisition of the Ann Mason project is another step in Hudbay's consistent strategy of accretive acquisitions of scarce, high-quality copper resources in mining-friendly jurisdictions. Ann Mason is an ideal fit for Hudbay's development pipeline and is at the stage where we can apply our exploration expertise, advance technical studies and leverage our proven mine development team to create value for our shareholders."

Mason is the 100% owner of the Ann Mason deposit located in the Yerington District of Nevada. Ann Mason has a National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant Measured and Indicated mineral resource of 1.4 billion tonnes grading 0.32% copper, 0.006% molybdenum, 0.03 g/t gold and 0.65 g/t silver and an Inferred mineral resource of 623 million tonnes grading 0.29% copper, 0.007% molybdenum, 0.03 g/t gold and 0.66 g/t silver using a 0.2% copper cut-off. For complete disclosure of Mason's mineral resource estimate refer to the 2017 Updated Preliminary Economic Assessment on the Ann Mason Project, Nevada, U.S.A. with an effective date of March 3, 2017, available under Mason's profile at [www.sedar.com](#) and on Mason's website at [www.MasonResources.com](#).

Summary of the Arrangement

The Arrangement is structured as a plan of arrangement pursuant to the *Business Corporations Act* (British Columbia) and will require the approval of the Supreme Court of British Columbia and the approval of: (i) at least two-thirds of the votes cast by Mason shareholders; and (ii) a majority of the votes cast by Mason shareholders excluding Hudbay and any other persons required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), at a special meeting of Mason shareholders which is expected to be held in December 2018.

The Board of Directors of Mason (the "Board"), having received a unanimous recommendation from a special committee of the Board consisting entirely of independent directors (the "Special Committee") has unanimously approved the Arrangement and recommends that Mason shareholders vote in favour of the Arrangement. The Special Committee, in conducting its review of the Arrangement, was advised by Canaccord Genuity Corp. as its financial advisor. In addition, the Special Committee obtained a formal, independent valuation in accordance with MI 61-101 and a fairness opinion from Haywood Securities Inc. ("Haywood"). The independent valuation was prepared by Haywood under the supervision of the Special Committee, and determined that, in Haywood's opinion, based upon and subject to the assumptions, limitations and qualifications set forth therein, the fair market value of the Mason common shares is in the range of \$0.25 to \$0.56 per Mason common share. In addition, Haywood has provided the

Special Committee and Board with a fairness opinion, stating that in its opinion, based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be received by Mason shareholders (other than Hudbay) under the Arrangement is fair, from a financial point of view, to the Mason shareholders (other than Hudbay).

In connection with the Arrangement, all of the directors and senior officers of Mason as well as Mantos Copper (Bermuda) Limited (the "Locked-Up Shareholders") have entered into customary support agreements with Hudbay pursuant to which they have agreed to vote their Mason shares, representing 19.8% of the issued and outstanding Mason shares, in favour of the Arrangement. Together with Hudbay, the Locked-Up Shareholders hold 33.7% of the issued and outstanding Mason common shares.

Holders of Mason options and warrants that are in-the-money will receive cash consideration equal to the purchase price less the exercise price of each Mason option or warrant.

In addition to the aforementioned approvals, completion of the Arrangement is subject to other customary conditions. The Arrangement is not, however, subject to any regulatory approvals. The Arrangement is expected to close in December 2018.

The Arrangement Agreement provides for customary non-solicitation covenants on the part of Mason and a right in favour of Hudbay to match any unsolicited superior proposal. In the event that the Arrangement is not completed in certain circumstances, Mason has agreed to pay Hudbay a termination fee of \$1.6 million.

The full details of the Arrangement and the MI 61-101 valuation will be set out in a management information circular, which will be mailed to Mason shareholders and filed with the Canadian securities regulatory authorities during November 2018. The documents will also be available under Mason's profile on SEDAR (www.sedar.com) and on Mason's website (www.MasonResources.com).

Advisors

Mason's financial advisors are Canaccord Genuity Corp. and Haywood Securities Inc. and its legal advisor is Borden Ladner Gervais LLP.

Hudbay's financial advisor is BMO Capital Markets and its legal advisor is Goodmans LLP.

QUALIFIED PERSON

Robert Cini, P.Geo., Mason's Chief Operating Officer, a Qualified Person as defined by NI 43-101 has approved the technical information in this news release.

About Mason Resources Corp.

[Mason Resources Corp.](#) is a well-funded Canadian company focused on copper exploration and development in the U.S.A. The company's key asset is its 100% owned Ann Mason project – an extensive, prospective land package located in the Yerington District of Nevada. The Ann Mason project hosts two copper-molybdenum porphyry deposits, Ann Mason and Blue Hill, as well as numerous earlier-stage or untested priority targets. The Ann Mason deposit is currently at a PEA level and is among the largest undeveloped copper porphyry resources in Canada/U.S.A. The excellent infrastructure, year-round access, strong community support and clear permitting process are all factors that contribute to making Yerington, Nevada one of the best mining jurisdictions in the world. Mason also holds a 100% interest in the Lordsburg property, an exciting earlier-stage copper-gold porphyry project, located within an historic mining district in New Mexico.

About Hudbay

Hudbay (TSX, NYSE: HBM) is an integrated mining company primarily producing copper concentrate (containing copper, gold and silver), zinc concentrate, molybdenum concentrate and zinc metal. With assets in North and South America, the company is focused on the discovery, production and marketing of base and precious metals. Directly and through its subsidiaries, Hudbay owns four polymetallic mines, four ore concentrators and a zinc production facility in northern Manitoba and Saskatchewan (Canada) and Cusco (Peru), and a copper project in Arizona (United States). The company's growth strategy is focused on the exploration and development of properties it already controls, as well as other mineral assets it may

acquire that fit its strategic criteria. Hudbay's vision is to be a responsible, top-tier operator of long-life, low-cost mines in the Americas. Hudbay's mission is to create sustainable value through the acquisition, development and operation of high-quality, long-life deposits with exploration potential in jurisdictions that support responsible mining, and to see the regions and communities in which the company operates benefit from its presence. The company is governed by the Canada Business Corporations Act and its shares are listed under the symbol "HBM" on the Toronto Stock Exchange, New York Stock Exchange and Bolsa de Valores de Lima.

Further Information:

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Forward-Looking Information

This news release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian securities laws. Forward looking statements include, but are not limited to, statements regarding the anticipated Arrangement and the timing and anticipated benefits thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Hudbay and/or Mason's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the risk that the Arrangement does not close on a timely basis or at all or that some or all of the anticipated benefits thereof are not achieved; unanticipated costs, expenses or liabilities; discrepancies between actual and anticipated production, mineral resources and metallurgical recoveries; the size, grade and continuity of deposits not being interpreted correctly from exploration results; the results of preliminary test work not being indicative of the results of future test work; risks related to international operations, including legal and political risk; risks associated with changes in the attitudes of governments to foreign investment; changes in project parameters as plans continue to be refined; inability to upgrade Inferred mineral resources to Indicated or Measured mineral resources; inability to convert mineral resources to mineral reserves; conclusions of economic evaluations; fluctuations in commodity prices and demand; changing foreign exchange rates; actions by government authorities; the availability of funding on reasonable terms; the impact of changes in interpretation to or changes in enforcement of, laws, regulations and government practices, including laws, regulations and government practices with respect to mining, foreign investment, royalties and taxation; the terms and timing of obtaining necessary environmental and other government approvals, consents and permits; title disputes; limitations on insurance coverage; the availability and cost of necessary items such as power, water, skilled labour, transportation and appropriate smelting and refining arrangements; as well as other uncertainties and risk factors set out in filings made from time to time with Canadian securities regulators, including, without limitation, Hudbay's and Mason's Annual Information Forms for the financial year ended December 31, 2017, each of which is filed on SEDAR; and any misjudgements in the course of preparing forward-looking statements.

Actual results, developments and timetables could vary significantly from the estimates presented. Readers are cautioned not to put undue reliance on forward-looking statements. Hudbay and Mason disclaim any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, Hudbay and/or Mason undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Hudbay and/or Mason, their financial or operating results or their securities.

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