

Guyana Goldfields Inc. Announces Receipt of Superior Proposal

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TORONTO, June 3, 2020 - [Guyana Goldfields Inc.](#) (TSX:GUY) ("Guyana Goldfields" or the "Company") announces that it has received a binding proposal from a foreign-based multinational mining company ("New Offeror") for the acquisition of all of the issued and outstanding common shares of the Company not already owned by the New Offeror (the "Common Shares") by way of a plan of arrangement (the "New Offer"). The Board of Directors of the Company (the "Board") has unanimously determined, after consultation with its financial and legal advisors, that the New Offer constitutes a "Superior Proposal" in accordance with the terms of the arrangement agreement between the Company and Silvercorp Metals Inc. ("Silvercorp") dated April 26, 2020, as amended on May 16, 2020 (the "Silvercorp Arrangement Agreement").

Pursuant to the terms of the New Offer, the Company's shareholders would receive cash consideration of C\$1.85 for each Common Share, valuing Guyana Goldfields at approximately C\$323 million. The New Offeror has also agreed to provide the Company with a US\$30 million secured loan facility to finance ongoing operations of the Aurora gold mine and to fund other liquidity needs of the Company (the "New Facility"). Except for the amount of the New Facility, the loan agreement proposed to be entered into between the Company and a wholly-owned subsidiary of the New Offeror is substantially similar to the loan agreement between the Company and Silvercorp dated April 26, 2020 (the "Silvercorp Loan Agreement").

Based on the closing price of the Silvercorp common shares on the Toronto Stock Exchange as of June 3, 2020, the Superior Proposal represents a premium of approximately 35% to the implied value of the consideration offered pursuant to the Silvercorp Arrangement Agreement.

Except for the consideration being offered and as described below, the arrangement agreement that would be entered into with the New Offeror is substantially the same as the Silvercorp Arrangement Agreement. Commensurate with the increase in consideration, the proposed arrangement agreement with the New Offeror provides for an increase in the termination fee to C\$11.3 million, which is payable by the Company to the New Offeror in certain circumstances. The proposed arrangement agreement with the New Offeror also includes a reverse termination fee in the amount of C\$11.3 million, which is payable by the New Offeror to the Company in certain other circumstances.

In accordance with the Silvercorp Arrangement Agreement, the Company has notified Silvercorp that it considers the New Offer to be a Superior Proposal under the Silvercorp Arrangement Agreement and that the five business day matching period (the "Matching Period") has commenced, during which Silvercorp has the right, but not the obligation, to propose to amend the terms of the Silvercorp Arrangement Agreement in order for the New Offer to cease to be a Superior Proposal (the "Match Right"). The Matching Period expires at 4:30 pm (ET) on June 10, 2020.

Further details of the New Offer will be provided following the entering into of definitive agreements by the Company with the New Offeror in respect of the New Offer should Silvercorp not exercise its Match Right.

Upcoming Annual and Special Shareholder Meeting

The annual and special meeting of shareholders of the Company scheduled for June 29, 2020 will not proceed on that date and, accordingly, no meeting materials have been mailed to shareholders or filed on SEDAR at this time. The Company is applying to the Ontario Superior Court of Justice for an order extending the time to call the annual meeting of shareholders to a date that is no later than September 30, 2020 pursuant to the requirements under the Canada Business Corporations Act (the "Order"). The Company's application will be heard on June 8, 2020 at 10:00 a.m. (ET) by judicial video conference via Zoom, the particulars of which are contained in the Company's Notice of Application which will be posted on the Company's website.

After completion of the Matching Period and subject to receipt of the Order, the Company will provide notice to shareholders of a new meeting date and time on which the annual and special meeting is expected to be held, and information as to the timing of the delivery of the meeting materials to shareholders in connection therewith and the concurrent filing of the meeting materials on SEDAR.

At this time, there can be no assurance that the New Offer will lead to a termination of the Silvercorp Arrangement Agreement and the execution of a definitive agreement with the New Offeror and, accordingly, the Board has not changed its recommendation regarding the offer under the Silvercorp Arrangement Agreement.

Disclosure Update

As disclosed on March 30, 2020, the Company has delayed the delivery of its annual financial statements for the year ended December 31, 2019 and associated management's discussion and analysis (the "2019 Financial Statements and MD&A") to shareholders in accordance with Ontario Instrument 51-502 Temporary Exemption from Certain Corporate Finance Requirements (the "Instrument") of the Ontario Securities Commission, which was adopted for the purpose of providing certain filing and other relief to issuers in light of the challenges posed by the COVID-19 pandemic. On May 7, 2020, the Company provided an update on material business developments as required by the Instrument and filed on SEDAR the 2019 Financial Statements and MD&A. The Company expects to be in a position to mail the 2019 Financial Statements and MD&A to shareholders by the deadline of July 3, 2020. Except as disclosed herein, there have been no material business updates since May 7, 2020, other than:

- On May 11, 2020, the Company announced the receipt of an unsolicited proposal from [Gran Colombia Gold Corp.](#) to acquire all of the issued and outstanding common shares of the Company at a share exchange ratio of 0.142 Gran Colombia shares for each Company share (the "Gran Colombia Proposal").
- On May 13, 2020, the Company announced that it rejected the Gran Colombia Proposal as the Board of the Company determined that it was not in the best interests of the Company or its shareholders.
- On May 17, 2020, the Company announced that following the receipt of an unsolicited all-cash proposal from a third party to acquire the Company, it had entered into an amending agreement with Silvercorp to amend the arrangement agreement dated April 26, 2020 such that the consideration offered to shareholders of the Company was C\$0.25 in cash and 0.1849 of a Silvercorp common share.
- On May 28, 2020, the Company announced its results of the first quarter ended March 31, 2020 and provided a corporate update including in respect of its operations and COVID-19.

The Company is delaying the filing of its statement of executive compensation as otherwise required by subsections 9.3.1(2) and (2.2) of National Instrument 51-102 Continuous Disclosure Obligations in reliance on Ontario Instrument 51-504 Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials of the Ontario Securities Commission. The Company expects to include its statement of executive compensation in its management information circular in connection with its upcoming annual and special meeting of shareholders.

About Guyana Goldfields Inc.

[Guyana Goldfields Inc.](#) is a Canadian based gold producer primarily focused on the exploration, development and operation of gold deposits in Guyana, South America.

Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (together, "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements may include, but are not limited to, statements and information with respect to the Company's objectives, goals or future plans, its financial and operational results, and the outcome of litigious matters. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: capital and operating costs varying significantly from estimates; unforeseen operational issues and other difficulties in the execution of mine plans; delays in the development of projects; general business, economic, competitive, political, health and social uncertainties; political instability and Government action; as well as those factors discussed in the Company's public documents filed on SEDAR at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or

results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

SOURCE [Guyana Goldfields Inc.](#)

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