

Fura Gems Enters Into Acquisition Agreement for Going Private Transaction With its Majority Shareholder

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TORONTO, Aug. 14, 2020 - [Fura Gems Inc.](#) (the "Fura" or the "Company") (TSXV: Fura, OTC: FUGMF and FRA: BJ43) announced today that it has entered into an acquisition agreement dated as of the date of this news release (the "Acquisition Agreement") with its majority shareholder, Lord of Seven Hills Holdings FZE (the "Purchaser"), pursuant to which the Purchaser has agreed to acquire all of the outstanding common shares of Fura (the "Common Shares"), other than Common Shares already held by the Purchaser and its affiliates, at a price of CAD\$0.15 per Common Share (the "Transaction"). The Purchaser currently, directly or indirectly, holds 140,048,752 Common Shares, representing approximately 51.5% of Fura's 272,035,485 issued and outstanding Common Shares.

About the Transaction

The price of CAD\$0.15 per Common Share represents a 42% premium over the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (the "TSXV") for the 20 trading days ended on August 13, 2020, the last trading date prior to the announcement of the Transaction. The acquisition price also represents a 36% premium over the closing price of the Common Shares on the TSXV on August 13, 2020.

It is intended that the Transaction will be effected by an amalgamation of Fura and 2771063 Ontario Inc., a newly-incorporated wholly-owned subsidiary of the Purchaser, under the provisions of the *Business Corporations Act* (Ontario) (the "Amalgamation"). Pursuant to the Amalgamation, all of the issued and outstanding Common Shares, other than those already held by the Purchaser, will be converted, on a one-for-one basis, into redeemable shares (the "Redeemable Shares") of the amalgamated corporation (the "Amalco"). The Redeemable Shares will then be immediately redeemed by Amalco in exchange for CAD\$0.15 per Redeemable Share payable in cash.

Fura intends to call a meeting of shareholders to be held in early October 2020 to, amongst other things, seek shareholder approval for the Amalgamation (the "Meeting"). The Amalgamation must be approved by the affirmative vote of (i) 66 2/3% of the votes cast by holders of Common Shares represented at the Meeting and (ii) a simple majority of the votes cast by holders of Common Shares at the Meeting (excluding shareholders whose votes are required to be excluded, including the Purchaser, pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (the "MI 61-101")).

The Transaction is exempt from the formal valuation requirement set out in MI 61-101 pursuant to section 4.4(a) of MI 61-101.

Completion of the Transaction is subject to regulatory approvals and other customary conditions.

The Acquisition Agreement includes customary deal protection provisions, including non-solicitation provisions in favour of the Purchaser, subject to customary "fiduciary out" provisions that entitle Fura to consider and accept a superior proposal and a right in favour of the Purchaser to match any superior proposal. The Acquisition Agreement also provides for a termination fee of US\$500,000 payable by Fura if the Acquisition Agreement is terminated in certain circumstances.

The Transaction is expected to close in mid-October 2020, subject to satisfaction of all conditions to closing set out in the Acquisition Agreement. Fura is not paying any finder's fees in connection with the Transaction. Upon completion of the Transaction, it is expected that Amalco would be delisted from the TSXV and will apply to cease to be a reporting issuer under applicable securities laws in Canada.

Michael Kuan, of Lord of Seven Hills Holdings FZE, commented, *"We have taken a long-term view on both Fura and the coloured gemstones sector. Our confidence in Fura and its management team inspired us to inject significant capital resources into the company over the past year, resulting in us becoming Fura's largest investor. We believe that Fura is uniquely positioned in its industry as a result of its distinct portfolio of assets, which includes emerald, ruby and sapphire properties (being all three coloured gemstones). While we recognize that the COVID-19 crisis has made market conditions particularly challenging, we intend to continue to support Fura and its team to advance it to the revenue stage."*

Dev Shetty, President & CEO of Fura, commented, *"This transaction represents an opportunity for shareholders of Fura to monetize 100% of their investments in Fura at a cash price that represents a significant premium to the trading price of Fura's common shares. Despite significant marketing efforts, liquidity and access to capital have been challenging, which we believe largely result from the limited number of companies listed on the TSXV that operate in the coloured gemstone sector. We anticipate that with ongoing support from Lord of Seven Hills Holdings FZE throughout the ongoing global COVID-19 pandemic, we will be able to advance our existing projects until we are able to generate revenue."*

Special Committee

The Acquisition Agreement was negotiated and entered into following previous pursuits of potential strategic alternatives by the board of directors (the "Board") and management of Fura. In connection with a strategic review process, and shortly after preliminary discussions began with the Purchaser respecting a potential privatization transaction, the Board established a Special Committee comprised of directors independent from the Transaction to review any proposal received from the Purchaser or any other person to acquire all of Fura's issued and outstanding shares. The Special Committee engaged Eight Capital as a financial advisor (the "Financial Advisor") to provide a fairness opinion with respect to the proposal by the Purchaser. The Special Committee has received an opinion from the Financial Advisor that, based upon and subject to the limitations, assumptions and qualifications of and other matters considered in connection with the preparation of such opinion, the cash redemption consideration of CAD\$0.15 per Common Share to be received by Fura shareholders (other than the Purchaser) pursuant to the Amalgamation is fair, from a financial point of view, to the Fura shareholders (other than the Purchaser or affiliates of the Purchaser) (the "Fairness Opinion"). The full text of the Fairness Opinion will be included in the management information circular prepared in connection with the Meeting. The Fairness Opinion was furnished solely for the use of the Special Committee (solely in its capacity as such) in connection with its evaluation of the Transaction and may not be relied upon by any other person or entity (including, without limitation, security holders, creditors or other constituencies of Fura) or used for any other purpose.

Board Approval and Recommendation

Following its review and in consideration of, amongst other things, the Fairness Opinion, the Special Committee has unanimously recommended that the Board approve the Transaction. The Board (with Messrs. Gupta and Kuan abstaining as interested directors), following the receipt and review of recommendations from the Special Committee, has approved the Acquisition Agreement and the Amalgamation and has determined that the Amalgamation is fair to shareholders of Fura (other than the Purchaser or affiliates of the Purchaser) and is in the best interests of Fura, and recommends to shareholders that they vote in favour of the Amalgamation.

Support Agreements

All of the directors and officers of Fura, together with certain other Fura shareholders, collectively representing approximately 20% of the issued and outstanding Common Shares, have entered into support and voting agreements with the Purchaser pursuant to which they have agreed to support and vote in favour of the Amalgamation at the Meeting.

Bridge Financing and Amendment of Promissory Note

Fura is pleased to announce it has arranged for bridge financing in the amount of US\$8,750,000 (the "Bridge Loan"). The Bridge Loan will be available for draw down by Fura pursuant to an amendment made to the grid promissory note (the "Note") previously issued to the Purchaser. The terms of the Bridge Loan will be the same as the terms set out in the original Note described in a news release issued by Fura on March 10, 2020 subject to new events of default that will apply to all indebtedness under the Note, as amended. Such new events of default include the occurrence of the earlier of: (i) the Transaction not having been completed by October 31, 2020; (ii) the termination of the Acquisition Agreement; (iii) the Board making a Change in Recommendation (as such term is defined in the Acquisition Agreement) or failing to reaffirm its recommendation of the Amalgamation in specified circumstances; (iv)

Fura materially breaching the non-solicitation provisions in the Acquisition Agreement; and (v) the entering into by Fura of a definitive agreement with respect to a Superior Proposal (as such term is defined in the Acquisition Agreement).

The proceeds of the Bridge Loan are expected to be used for the closing of the Company's acquisition of Great Northern Mining Pty Ltd, as described in a news release issued by Fura on August 7, 2020 and general corporate purposes, including costs incurred in connection with the Transaction.

The Purchaser is both a related party and a control person of the Company pursuant to Canadian securities laws. Amending the Note previously issued to the Purchaser is therefore considered to be a related party transaction under MI 61-101 but is exempted from the requirement to obtain a formal valuation pursuant to 5.5(b) and from the requirement to obtain minority approval pursuant to 5.7(1)(f) of MI 61-101, as the amendment to the Note (i) is on reasonable commercial terms that are not less advantageous to the Company than if the loan was obtained from an arm's length party, and (ii) is not convertible, directly or indirectly, into equity or voting securities of the Company or a subsidiary of the Company or repayable as to principal or interest, directly or indirectly, in equity or voting securities of the Company or a subsidiary of the Company. Minority shareholder approval for the Purchaser becoming a control person of Fura was previously obtained by Fura at its annual and special meeting of shareholders held on August 2, 2019. Please refer to the Company's management information circular dated July 2, 2019 for more information. The Company did not file a material change report more than 21 days before amending the Note as the terms of the amendment were not settled until shortly prior to such amendment, and the Company wished to complete the Bridge Loan on an expedited basis.

Additional Information

Full details of the Transaction are set out in the Acquisition Agreement, which will be filed by Fura under its profile on SEDAR at www.sedar.com. In addition, further information regarding the Transaction will be contained in a management information circular to be prepared in connection with the Meeting and filed on www.sedar.com at the time that it is mailed to shareholders. All shareholders are urged to read the management information circular once it becomes available as it will contain additional important information concerning the Transaction.

Advisors

Wildeboer Dellelce LLP is acting as legal counsel to the Purchaser, Eight Capital is acting as the Financial Advisor to the Special Committee, and Fasken Martineau DuMoulin LLP is acting as legal counsel to Fura and the Special Committee.

For more information about Fura Gems Inc., please contact:

[Fura Gems Inc.](#)

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About Fura Gems Inc.

[Fura Gems Inc.](#) is a gemstone mining and marketing company which is engaged in the mining, exploration and acquisition of gemstone licences. Fura owns ruby, emerald and sapphire resource properties in Mozambique, Colombia and Australia, respectively. Fura's headquarters are located in Toronto, Canada and its administrative headquarters are located in the Burjuman Business Tower, Dubai. Fura is listed on the TSXV under the ticker symbol FURA.

Forward-Looking Statements

Certain of the information contained in this news release constitutes forward-looking statements within the meaning of securities laws. Such forward-looking statements, including but not limited to statements relating to the Transaction and the proposed Amalgamation under the Acquisition Agreement; the ability of the parties to satisfy the conditions to closing of the Transaction; the mailing of the management information circular in connection with the Meeting and anticipated timing thereof; and the

anticipated timing of the completion of the Transaction, use of proceeds of Bridge Loan, involve risks, uncertainties and other factors which may cause the actual results to be materially different from those expressed or implied by such forward-looking statements. Such factors include, among others, obtaining required shareholder and regulatory approvals, exercise of any termination rights under the Acquisition Agreement, meeting other conditions in the Acquisition Agreement, material adverse effects on the business, properties and assets of Fura, and whether any superior proposal will be made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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.

Notice to Fura Shareholders in the United States

This Transaction involves an agreement to acquire the securities of a foreign company. The Transaction is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the management information circular for the Meeting, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the United States federal securities laws, since each of the Company and the Purchaser is incorporated in a jurisdiction outside the United States, and some or all of their respective officers and directors may be residents of countries other than the United States. You may not be able to sue either the Company or the Purchaser or their respective officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel the Company or the Purchaser or their respective affiliates to subject themselves to a U.S. court's judgment.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or compliance with the requirements of an exemption from such registration requirements. The Redeemable Shares that may be issued to Fura shareholders will not be registered under the U.S. Securities Act, and will be issued in the United States in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 802 thereunder.

Copies of the management information circular for the Meeting (including any documents to be incorporated therein) will be made available through the filing of a Form CB with the United States Securities and Exchange Commission at www.sec.gov.

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