

New Gold Inc. to Acquire Geo Minerals Ltd.

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - Oct. 17, 2011) - [Geo Minerals Ltd.](#) ("GEO" or the "Company") (TSX VENTURE: GM) (FRANKFURT: 8G3) announced today that it has entered into a definitive business combination agreement with [New Gold Inc.](#) ("New Gold") (TSX: NGD) (NYSE Amex: NGD), under which New Gold will acquire 100% of the outstanding common shares of Geo by way of plan of arrangement.

Under the plan of arrangement, Geo shareholders will receive \$0.16 per share, and 1/15th of a common share in a new exploration company ("SpinCo") for each Geo common share held. Excluding the SpinCo consideration, the cash consideration offered represents a premium of approximately 33% based on the closing price of the Geo shares on October 14, 2011.

New Gold will also subscribe for 9.9% of the outstanding SpinCo common shares for consideration of \$250,000. On completion of the transaction, current Geo shareholders will hold approximately 90.1% of the outstanding SpinCo shares, and SpinCo will own all of Geo's assets and liabilities, except for cash retained by Geo and Geo's West Blackwater mineral interests, located in central British Columbia.

The board of directors of Geo unanimously approved the transaction and all directors and senior officers of Geo, as well as certain other Geo shareholders, collectively holding approximately 29% of the number of Geo securities anticipated to be entitled to vote at a meeting of the Geo securityholders (including holders of Geo shares, stock options, and share purchase warrants), have agreed to vote their securities in favour of the transaction.

"The proposed transaction is an exciting opportunity for Geo and its securityholders," said Michael England, Geo's President and Chief Executive Officer. "This transaction provides Geo shareholders with both an immediate meaningful premium reflecting the progress we have made with the Company and, participation in an exploration SpinCo with a portfolio of prospective assets located in British Columbia, Quebec and Arizona. We believe this unbundling of the West Blackwater project and Geo's other exploration assets will ultimately create the greatest value for our securityholders."

Transaction Details

The transaction will be carried out by way of a court-approved plan of arrangement, and will require the approval of at least 2/3 of the votes cast by shareholders, optionholders and warrant holders voting as a single class at Geo's special meeting of shareholders, expected to take place in December 2011. The transaction is also subject to applicable regulatory approvals, including approval of the TSX Venture Exchange, and the satisfaction of certain closing conditions customary in transactions of this nature.

Geo has engaged PI Financial Corp. to deliver a fairness opinion in connection with the transaction.

If the transaction is completed, Geo shareholders will receive \$0.16 for every Geo share, and one SpinCo share for every 15 Geo shares. Options and warrants not exercised prior to the completion of the arrangement will be deemed to have been exercised on a cashless basis for Geo shares, but the holders will receive that number of Geo shares obtained by dividing: (1) the amount, if any, by which (A) the product obtained by multiplying the number of underlying shares by \$0.16 exceeds (B) the aggregate total exercise price payable under such option or warrant, by (2) \$0.16.

Upon the recommendation of a special committee established to review the transaction, Geo directors have determined that the transaction is in the best interest of Geo and its securityholders, and have unanimously approved the transaction. The directors intend to recommend, in the information circular for the securityholder meeting, that Geo securityholders vote in favour of the transaction.

Subject to New Gold's right to match, the board of Geo may terminate the business combination agreement in favour of an unsolicited superior proposal upon payment of a \$230,000 break fee to New Gold. The special meeting of securityholders of Geo and the closing of the transaction are targeted to occur in December 2011. The completion deadline is February 15, 2012.

Geo Minerals is a junior mineral exploration company actively seeking mineral opportunities for the benefit of all our stakeholders. For further information we invite you to visit us at www.geominerals.ca.

ON BEHALF OF THE BOARD

Michael England, President and Director
Geo Minerals Ltd.

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release, including certain information relating to the proposed transaction between Geo and New Gold, may be deemed "forward-looking". All statements in this news release, other than statements of historical fact, that address events or developments that Geo expects to occur, are "forward-looking statements." Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "anticipate", "intends", "estimates" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond Geo's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions (including that the proposed transaction will be completed successfully on the terms agreed upon by the parties) that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

Such risks include, without limitation: the ability to obtain all necessary approvals and court orders to complete the proposed transaction; changes in legislation in British Columbia and Canada or in other jurisdictions that Geo may operate in that may affect the proposed transaction or its operations; controls, regulations and political or economic developments in British Columbia and Canada; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements in British Columbia; competition; loss of key employees; additional funding requirements; actual results of current exploration or reclamation activities; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, and unusual or unexpected formations. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this news release are qualified by these cautionary statements. Geo expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

Neither 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.

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