

# Canada Fluorspar and Golden Gate Capital Sign Arrangement Agreement and Announce Convertible Financing

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ST. JOHN'S, NEWFOUNDLAND -- (Marketwired - April 2, 2014) - [Canada Fluorspar Inc.](#) (TSX VENTURE:CFI) (OTC:CNDFF) ("CFI" or the "Company"), is pleased to announce that the Company and a wholly-owned subsidiary of investment funds managed by Golden Gate Capital ("Acquirer") have entered into a definitive agreement (the "Arrangement Agreement") pursuant to which Acquirer will acquire, by way of a court-approved plan of arrangement (the "Arrangement") in accordance with the Business Corporations Act (Ontario) (the "OBCA"), all of the issued and outstanding common shares of the Company (the "Common Shares") at a price of \$0.35 per Common Share, payable in cash (the "Consideration").

The Board of Directors of the Company (the "CFI Board"), after receiving the unanimous recommendation of the Special Committee composed of independent directors of the CFI Board (the "Special Committee"), has approved the Arrangement and the entering into of the Arrangement Agreement. The Special Committee and the CFI Board, in its review of the Arrangement and determination to recommend the Arrangement to shareholders, considered a number of factors, including those listed below:

- Significant Premium to Market: The Consideration represents a 87% premium to the 20 day volume weighted average price and a 67% premium to the last close price of CFI's common shares on the TSX Venture Exchange as at April 1, 2014;
- Cash Consideration: The Consideration is 100% cash, which provides shareholders with liquidity of their holdings in CFI and certainty of return, which are important considerations given the equity market volatility currently being experienced;
- Fairness Opinion: The opinion of Cormark Securities Inc. ("Cormark"), dated April 1, 2014, to the Special Committee, as to the fairness of the Consideration, from a financial point of view, to the shareholders of CFI.

In addition to the Arrangement, the Company is pleased to announce that it has entered into an agreement (the "Advance Agreement") with Acquirer, an affiliate of Golden Gate Capital, whereby Acquirer will provide a \$2,000,000 convertible advance (the "Advance") to the Company.

At the time that the Arrangement Agreement and Advance Agreement were agreed to, Golden Gate Capital and CFI were arm's length parties. If the Arrangement is completed, the Common Shares will be delisted from the TSX Venture Exchange.

"CFI is very pleased to announce this transaction with Golden Gate Capital," Lindsay Gorrill, President and CEO of the Company said. "The Consideration offered by Golden Gate Capital provides immediate liquidity and a significant premium to the current share price and we are recommending that shareholders vote in favour of the Arrangement. We are pleased to note that Golden Gate Capital has a vision for the St. Lawrence Fluorspar project that, combined with its financial strength, will help ensure a long-term economically viable project that will benefit the town of St. Lawrence and the Burin Peninsula."

## Arrangement Agreement Summary

The completion of the Arrangement is subject to the satisfaction of a number of conditions, including but not limited to, receipt of requisite shareholder, court and regulatory approvals. The Arrangement will need to be approved by not less than 66 2/3% of the votes cast by the Company's shareholders voting in person or by proxy, at a special meeting of the Company's shareholders. In addition, the completion of the Arrangement is subject to the successful continuance of the Company from the Province of Alberta to the Province of Ontario as a corporation under the OBCA.

Certain shareholders, directors and senior officers of the Company, holding in aggregate approximately 39.3% of the issued and outstanding Common Shares of the Company, have entered into lock-up agreements with Acquirer, an affiliate of Golden Gate Capital, pursuant to which they have agreed to vote their securities (including shares issued upon the exercise of any options) in favour of the Arrangement.

Under the terms of the Arrangement Agreement, the Company has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets. In addition, the Arrangement Agreement has provided Acquirer with the right to match any superior proposals and includes termination fees payable by either party in certain circumstances. The terms of the Arrangement will be summarized in the Company's management information circular which will be filed and mailed to the Company's security holders in April 2014 in connection with the special meeting of the Company's shareholders to be held in May 2014. For more information on the Arrangement Agreement, please refer to the full Arrangement Agreement, a copy of which will be filed by the Company on SEDAR and will be available for viewing on the Company's SEDAR profile on [www.sedar.com](http://www.sedar.com).

Cormark, acting as financial advisor to the Special Committee, has provided an opinion that, based upon and subject to the assumptions, limitations, and qualifications in such opinion, the Consideration to be received by the Company's shareholders is fair, from a financial point of view, to the Company's shareholders.

### **Convertible Financing**

The Advance will become due on April 1, 2016 (the "End Date"), unless earlier converted, and will bear yield, payable in kind quarterly in arrears, at a rate of 12.0% per annum. The Advance will be convertible at Acquirer's option into units of the Company (the "Units") at any time prior to the close of business on the End Date at a conversion price of \$0.20 per Unit. Each Unit will be comprised of one Common Share and one Common Share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of \$0.30 at any time prior to the close of business on the End Date. The Advance will be convertible at the Company's option if the Arrangement Agreement is terminated under certain circumstances upon same terms as if it was converted at Acquirer's option. The securities issuable to Acquirer pursuant to the Advance are subject to a four-month hold period, expiring August 3, 2014.

The Company has received conditional approval of the Advance from the TSX Venture Exchange. The proceeds from the Advance will be used by the Company to fund the ongoing operations of the Company during the interim period prior to the closing of the transactions contemplated by the Arrangement Agreement.

### **Advisors and Legal Counsel**

Cormark is acting as financial advisor and Stikeman Elliott LLP is acting as legal counsel to the Special Committee, and Arena Advisors, L.L.C. advised on the transaction.

### **About the Company**

The Company is a specialty mineral resource company engaged in the development of fluorspar deposits located in St. Lawrence, Newfoundland, Canada, and is proposing, through Newspaper, its 50/50 joint venture, to reactivate the existing Blue Beach North and Tarefare underground fluorspar mines, by expanding the existing mill and constructing a new, environmentally sound Tailings Management Facility.

For more information please see: [www.canadafluorspar.com](http://www.canadafluorspar.com)

### **About Golden Gate Capital**

Golden Gate Capital is a San Francisco-based private equity investment firm with approximately \$12 billion of capital under management. Golden Gate Capital is dedicated to partnering with world-class management teams to invest in change-intensive, growth businesses. The firm targets investments in which there is a demonstrable opportunity to significantly enhance a company's value. The principals of Golden Gate Capital have a long and successful history of investing with management partners across a wide range of industries and transaction types. For more information, visit [www.goldengatecap.com](http://www.goldengatecap.com).

*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.*

### **Cautionary Note and Forward-Looking Statements**

*This press release contains forward-looking statements which include, but are not limited to, statements*

*regarding the expected timing of the completion of the sale of the Company to Acquirer as contemplated by the Arrangement Agreement or other statements that are not statements of fact. There can be no assurances that any transaction will be completed. These statements are not guarantees of future events and involve assumptions, risks, and uncertainties that are difficult to predict. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurance that such expectations will prove to be correct. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, risks associated with the Arrangement and acquisition generally, such as: the failure to satisfy the conditions of the Arrangement; completion of the Arrangement may be more costly than expected; and the risk of unexpected costs or liabilities relating to the Arrangement. Such forward-looking statements are also based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the Company and Acquirer will be able to satisfy the conditions to the Arrangement; the required approvals will be obtained from the shareholders of the Company; and all third party regulatory and governmental approvals in connection with the Arrangement, as applicable, will be obtained and all other conditions to completion of the Arrangement will be satisfied or waived. Should one or more of the risks or uncertainties involved in forward-looking statements materialize, or should the assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Accordingly, readers should not place undue reliance on forward-looking statements.*

*Forward-looking statements are qualified entirely by this cautionary statement and are given only as at the date of this press release. The Company disclaims any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

## CONTACT INFORMATION

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