

Kaizen Discovery Announces Friendly Acquisition of the Company by Ivanhoe Electric

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Vancouver, December 4, 2023 - [Kaizen Discovery Inc.](#) (TSXV: KZD) (otherwise "Kaizen" or "the Company"), announces today that the Company has entered into a definitive arrangement agreement (the "Agreement") pursuant to which [Ivanhoe Electric Inc.](#) ("IE") will acquire all of the outstanding common shares of Kaizen not already beneficially owned by IE ("Company Shares") in an all-share transaction (the "Arrangement"). IE currently owns, through its subsidiary Ivanhoe Electric (BVI) Inc., 54,428,970 Company Shares, or approximately 82.54% of Company Shares outstanding.

Terms of the Arrangement

Under the terms of the Arrangement, if the Arrangement becomes effective, each holder of Company Shares ("Company Shareholders") will receive one (1) common share of IE ("IE Shares") for one hundred and twenty-seven (127) Company Shares held. Outstanding options ("Company Options"), deferred share units ("Company DSUs") and restricted share units ("Company RSUs", together with Company Options and Company DSUs, the "Incentive Securities") granted under and/or governed by the Company's incentive plans will immediately vest prior to the effective time of the Arrangement. The holders of Company DSUs and Company RSUs will receive IE Shares in connection with the Arrangement and the holders of Company Options will receive the in-the-money value (as described below) of such Company Option in IE Shares.

Benefits to Kaizen Shareholders

- Opportunity for Kaizen shareholders to participate in the potential future increase in value of IE, which will include Kaizen's project, due to IE's strong expertise in the mining space coupled with its use of technology and financial capacity.
- Increased liquidity for Kaizen shareholders due to the liquidity of the IE Shares compared to the Company Shares.
- Implied premium of 11.38% to the closing price of the Company Shares on December 1, 2023.
- Avoids highly-dilutive equity financings that are expected to be required if the Company were to pursue a "go-alone" strategy.
- Ability to participate in the business of IE post-closing.

Arrangement Conditions & Timing

Kaizen intends to call a meeting of Company Shareholders and holders of Incentive Securities (collectively, "Company Securityholders") to be held on January 29, 2024 to seek approval for the Arrangement (the "Meeting"). The Arrangement will be effected by way of a court-approved plan of arrangement under Division 5 of Part 9 of the Business Corporations Act (British Columbia).

The Arrangement constitutes a 'related party transaction' for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") due to IE's existing majority ownership of Company Shares, and Quentin Markin being both a senior officer of IE and a Kaizen director, and as a result, will require approval by:

- (i) at least two-thirds of the votes cast at the Meeting by the Company Shareholders present or represented by proxy at the Meeting;

- (ii) at least two-thirds of the votes cast at the Meeting by Company Securityholders, collectively voting as a single class, present or represented by proxy at the Meeting; and
- (iii) at least a majority of the votes cast by Company Shareholders, voting as a separate class, present or represented by proxy at the Meeting, excluding the votes cast in respect of Company Shares held by IE and any other interested party, related party or joint actor of IE, in accordance with the minority approval requirements of MI 61-101.

The Arrangement is also subject to certain other conditions, including the approval of the British Columbia Supreme Court, certain stock exchange and regulatory approvals, and customary closing conditions for transactions of this nature. The Arrangement does not require the approval of the shareholders of IE.

The Agreement provides for, among other things, non-solicitation covenants, with "fiduciary out" provisions that allow Kaizen to consider and accept a superior proposal, subject to a "right to match period" in favour of IE. The Agreement also provides for a termination fee of C\$300,000 to be paid by Kaizen to IE if the Agreement is terminated in certain specified circumstances.

The directors and senior officers of Kaizen who are also Company Shareholders have entered into voting support agreements with IE, pursuant to which they have agreed to vote their Company Shares and Incentive Securities in favour of the Arrangement. Together with Company Shares already owned or held by IE, approximately 82.72% of the Company Shares will be voted in support of the Arrangement.

It is anticipated that the Arrangement will be effective in February 2024.

Board Approval and Recommendation

The special committee of independent directors of Kaizen (the "Special Committee") has reviewed this transaction, and based on financial and legal advice it recommended that the board of directors of Kaizen (the "Board") approve the Arrangement.

Furthermore, the Special Committee received an opinion from PI Financial Corp. 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 consideration to be received by Company Shareholders (other than IE) pursuant to the Arrangement is fair, from a financial point of view, to Company Shareholders (other than IE) (the "Fairness Opinion").

Following its review and in consideration of, amongst other things, the recommendation of the Special Committee and the Fairness Opinion, the Board has unanimously approved (with Quentin Markin abstaining as an officer of IE) the Agreement and the Arrangement and has determined that the Arrangement is fair to Company Shareholders (other than IE) and is in the best interests of Kaizen, and recommends to Company Securityholders that they vote in favour of the Arrangement.

Options and Warrants

Each Company Option immediately prior to the effective time of the Arrangement shall be deemed to be vested and exercisable, and if such Company Option is in-the-money based on the five day volume-weighted average trading price of the Company Shares on the TSXV determined as of the close of business on the third business day immediately preceding the effective date of the Arrangement (the "Company Share Value"), be deemed to be exercised, and the holder of such Company Option will receive, subject to any withholding pursuant to the plan of arrangement, such number of Company Shares obtained by dividing the in-the-money amount by the Company Share Value, rounded down to the nearest whole number of Company Shares. Any Company Options that are not in-the-money will be deemed to be surrendered and cancelled for no consideration.

Each Company RSU and Company DSU outstanding immediately prior to the effective time of the Arrangement shall be deemed to be unconditionally vested and exchanged for Company Shares, as

provided for in the plan of arrangement appended to the Agreement.

Each warrant of the Company outstanding immediately prior to the effective time of the Arrangement (each of which being owned beneficially by IE), shall be deemed to be surrendered to the Company for cancellation for no consideration.

Advisors and Counsel to Kaizen

PI Financial Corp. is acting as financial advisor to the Kaizen Special Committee and Board, and Cassels Brock & Blackwell LLP is acting as legal advisor to Kaizen and the Special Committee in connection with the Arrangement.

Additional Information

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

About Kaizen

Kaizen is a Canadian mineral exploration and development company with exploration projects in Peru. More information on Kaizen is available at www.kaizendiscovery.com.

ON BEHALF OF THE COMPANY

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Cautionary Note Regarding Forward-Looking Information and Statements

Certain of the information contained in this news release constitutes 'forward-looking information' and 'forward-looking statements' within the meaning of securities laws (together "forward-looking statements"). Such forward-looking statements, including but not limited to statements relating to: the transaction and the proposed Arrangement as proposed to be effected pursuant to the Agreement; the ability of the parties to satisfy the conditions to closing of the Arrangement; the mailing of the management information circular in connection with the Meeting and anticipated timing thereof; the date of the Meeting; and the anticipated timing of the completion of the Arrangement, 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 securityholder and regulatory approvals, exercise of any termination rights under the Agreement, meeting other conditions in the Agreement, material adverse effects on the business, properties and assets of Kaizen, and whether any superior proposal will be made. Although Kaizen 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. Kaizen does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

The forward-looking statements in this press release involve known and unknown risks, uncertainties and

other factors that may cause Kaizen's actual results, performance and achievements to be materially different from the results, performance or achievements expressed or implied therein. Neither the TSXV or its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

None of the securities to be issued pursuant to the Arrangement have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and any securities issuable in the transaction are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

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