

Algold Resources Ltd. announces friendly acquisition of First Uranium Corp.

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Oct. 29, 2013 - [Algold Resources Ltd.](#) ("Algold") (TSXV:ALG) and [First Uranium Corp.](#) ("FIU") (NEX: FIU.H) (JSE: FIU) are pleased to announce that they have entered into a definitive agreement (the "Agreement") pursuant to which Algold will acquire, by way of a court-approved plan of arrangement, all of the issued and outstanding units ("FIU Units") of FIU (the "Transaction").

Pursuant to the terms of the Agreement, FIU shareholders will receive 0.0729849 of an Algold share for each FIU Unit held, implying an offer of approximately C\$0.011 per unit based on the closing price of Algold's shares on the TSX Venture Exchange on Friday, October 25, 2013. In addition, for every full Algold share issued to an FIU shareholder, such holder will receive ½ of one Algold common share purchase warrant (the "Algold Warrants"). Each full Algold Warrant entitles the holder thereof to purchase one Algold share at a price of \$0.20 per Algold share at any time for a period of eighteen months following the issuance of the Algold Warrants.

Pro forma the Transaction, FIU shareholders will own approximately 52% of Algold (based on fully diluted in the-money shares outstanding). Approximately 33,465,671 common shares of Algold are expected to be outstanding upon closing, subject to any adjustments pursuant to the terms of the Agreement.

BENEFITS TO ALGOLD SHAREHOLDERS

- Upon completion of the proposed Transaction, Algold would gain access to FIU's net cash and cash-equivalent assets, which as of today, total approximately C\$3.1 million.
- Each of [AngloGold Ashanti Ltd.](#), [Franco-Nevada Corp.](#) and Village Main Reef Limited, who collectively own or exercise control or direction over 78,122,653 FIU Units, representing approximately 33% of the total issued and outstanding FIU Units, have agreed, subject to certain conditions, to vote their FIU Units in favour of the Transaction and will enter into support agreements with FIU in this regard.

BENEFITS TO FIU SHAREHOLDERS AND REASONS FOR THE TRANSACTION

- The proposed Transaction provides FIU shareholders with the opportunity to hold a majority interest in a mineral exploration company that has a number of properties and growth potential, which create the possibility for future value for FIU shareholders if Algold is successful in developing its business.
- The Algold Warrants to be issued pursuant to the Transaction provide FIU shareholders with further upside potential if Algold is successful developing its business.
- Prior to negotiating the terms of the proposed Transaction with Algold, the board of directors of FIU pursued a variety of strategic alternatives with a view to the best interests of FIU and its shareholders. The board is of the view that the Transaction represents the best alternative for the FIU shareholders with the greatest upside potential.
- An alternative to the Transaction would be the voluntarily dissolution of FIU. The liquidation and dissolution of the Corporation would provide certain but extremely limited value to FIU shareholders, with such distribution contemplated to be in the range of \$nil to \$0.01 per FIU unit.
- In addition to providing limited value to the FIU shareholders, the process to liquidate and dissolve FIU may be complex, time-consuming and costly, which would further deplete the assets available for distribution to FIU shareholders.
- Pursuant to the Transaction, FIU shareholders are being provided with an opportunity to receive Algold shares and Algold Warrants for their NEX-listed FIU Units. The Algold shares are currently listed for trading on the TSXV, which is expected to provide FIU shareholders with increased liquidity should they desire to sell their Algold shares in the future.
- As a result of the proposed Transaction, Algold will be better funded to proceed with its current exploration

program, which, if successful, could increase its ability to access the capital markets in the future.

- The fairness opinion received from Paradigm Capital Inc. indicates that the consideration payable pursuant to the Transaction is fair, from a financial point of view, to FIU shareholders.

SUMMARY OF THE TRANSACTION

The acquisition of FIU will be completed by way of a court-approved plan of arrangement, whereby Algold will acquire each issued and outstanding FIU Unit in exchange for 0.0729849 of a common share of Algold. In addition, for every full Algold share issued to an FIU shareholder, such holder will receive ½ of one Algold Warrant. The number of Algold shares to be issued will be 17,402,149 based on the currently issued and outstanding shares as of the date of this announcement, but will be subject to change depending on the number of Algold options and warrants exercised while the offer is outstanding.

The board of directors of FIU has unanimously approved the transaction and will recommend that shareholders vote in favour of the transaction.

Each senior officer and each member of the board of directors of FIU who owns FIU Units has entered into support agreements with Algold pursuant to which each has agreed to vote in favour of the transaction.

The terms and conditions of the Agreement will be disclosed in more detail in the management information circular which will be filed and mailed to FIU shareholders in early November 2013. Completion of the transaction is subject to customary conditions, including court approvals, a favourable vote of at least 66 2/3% of the holders of FIU units voted at a special meeting of shareholders, and the receipt of all necessary regulatory and stock exchange approvals. The Agreement includes a reciprocal non-solicitation clause, right to match covenants and provides for the payment of a C\$100,000 break fee to Algold or FIU under certain circumstances.

ABOUT ALGOLD

Algold Resources Ltd is focused on the exploration and development of gold deposits in West Africa. The board of directors and management team are seasoned resource industry professionals with extensive experience in the exploration and development of world-class gold projects in Africa.

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING INFORMATION

This news release contains and refers to forward-looking information based on current expectations. All other statements other than statements of historical fact included in this release are forward looking statements (or forward-looking information). The Corporation's plans involve various estimates and assumptions and its business is subject to various risks and uncertainties. For more details on these estimates, assumptions, risks and uncertainties, see the Corporation's most recent Annual Information Form and most recent Management Discussion and Analysis on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. These forward looking statements are made as of the date hereof and there can be no assurance that such statements will prove to be accurate, such statements are subject to significant risks and uncertainties, and 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 that are included herein, except in accordance with applicable securities laws.

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