

Gran Colombia and Medoro Confident of Value-Creation Potential of the Proposed Merger Despite Glass Lewis Recommendation

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[Gran Colombia Gold Corp.](#) (TSX: GCM) and [Medoro Resources Ltd.](#) (TSX: MRS) (together, the 'Companies') have re-affirmed their strong commitment to completing a friendly combination of the Companies, and have rejected the recommendations contained in two separate reports from Glass, Lewis & Co., LLC ('Glass Lewis'), a professional services firm that provides proxy research and voting recommendations to institutional investors. The Glass Lewis reports are in contrast to the positive recommendation of Institutional Shareholder Services Inc. ('ISS').

The Companies believe the approach used by Glass Lewis to analyze the combination is fundamentally flawed in several respects and does not adequately assess the rationale of the transaction. In its analysis, Glass Lewis failed to address several key factors, including: (1) the structure of the transaction; (2) the rationale and process of the transaction; and (3) the Colombia-specific considerations. Furthermore, the basis for its recommendations has been founded on erroneous facts.

It is inconceivable that the Glass Lewis analyst who authored the two separate reports came to conclusions totally at odds to each other. The Medoro shareholders are being told that they are being offered too little consideration, while Gran Colombia shareholders are being told that they are offering too much consideration. This analysis is at best counter intuitive and at worst fundamentally flawed. It defies logic to think that the same analyst could publish two separate recommendations in respect of the same transaction with opposite conclusions in terms of the adequacy of the consideration.

In addition, the original Glass Lewis report to Medoro shareholders did not take into consideration or assign value to the warrant component of the offer price. Failing to include the value of the warrants brings the conclusion of the original report's analysis into serious doubt. The joint circular clearly states that the consideration warrants will be issued under the existing Gran Colombia indenture and that such consideration warrants will be the same warrants currently traded on the Toronto Stock Exchange (under the ticker symbol 'GCM.WT'). The fact that this was not properly addressed suggests that Glass Lewis did not fully review the contents of the joint circular and/or did not understand the basic terms of the transaction. Glass Lewis has since revised their reports to take into consideration and assign value to the warrant component of the offer price - however, this omission nonetheless remains prima facie evidence that the precise details of the transaction have not been properly reviewed or considered.

The following sets out in greater detail the Companies' position with respect to the transaction:

1) Structure: The Glass Lewis reports question this transaction as being a true 'merger of equals', which suggests that Glass Lewis is unable to properly comprehend this type of transaction. The combination of the Companies is a true 'merger of equals'. This is clearly demonstrated by the following features: (a) following the transaction, current Gran Colombia shareholders and former Medoro shareholders are anticipated to each own approximately 50% of the combined entity on a fully-diluted basis; (b) the board of the combined company will be composed of all the current directors of Gran Colombia and Medoro; and (c) the management teams of each company will also be combined.

Of particular note, which supports the view that Glass Lewis does not understand the merger of equals concept, the Glass Lewis reports analyze the transaction on the basis of premiums paid. This is not a metric that is used in a merger of equals approach.

2) Rationale and Process: Glass Lewis' analysis appears one-dimensional and largely overlooks the persuasive rationales for the transaction, including, that the combination of the Companies: (a) provides immediate increased scale, better liquidity and operational synergies; (b) creates Colombia's leading gold producer with a 42% cumulative average growth rate between 2011 and 2016; (c) assembles a team capable of addressing critical issues relating to operating in Colombia; (d) provides a balanced and sustainable project and development pipeline; and (e) positions the Companies well for long-term regional consolidation, amongst several other benefits. Although Glass Lewis refers to some of the benefits in their reports under the heading entitled 'Board Rationale', they quickly dismiss these highly positive attributes and instead refer back to one-dimensional arguments. By overlooking these highlights, which are significant

catalysts to create value, the Glass Lewis analyst illustrates that he has not properly considered all the factors in his conclusion.

The Glass Lewis report also questions the strategic review process in addressing alternative transactions and states '(...) we fail to see compelling reason for shareholders to believe the proposed acquisition represented the most attractive means by which the Company could address its 'desire to expand rapidly'.(i) The Companies followed a standard exhaustive process to reach this combination, which is clearly stated in the joint circular. It is important to note that the merger between Medoro and Gran Colombia was sparked by numerous overtures from substantial, sophisticated, resource-focused investors/shareholders in both Companies, who view this combination as an opportunity to merge two relatively undervalued companies into a stronger entity that will be better able to create lasting and long-term shareholder value.

Mr. Frank Holmes, Chief Executive Officer and Chief Investment Officer of U.S. Global Investors, states: 'The merger of these two companies represents an opportunity for shareholders to benefit from a re-positioning of the combined entity as the leading gold producer in Colombia. Based on our analysis, this merger should drive sustainable growth in resources, cash flow and production and based on our analysis this merger should drive momentum in relative value for the combined company.'

3) Colombia-Specific Considerations: The Glass Lewis reports fail to address the specific leadership capabilities required to build a mining company in Colombia. A considerable part of the rationale for this merger is to create a management and leadership team that can successfully navigate the political and social issues in Colombia.

In Colombia, political, social and environment considerations are as important as asset quality. Other companies with attractive deposits operating in Colombia have failed or incurred material costs and/or delays for not addressing these issues. The combined leadership team has the required experience and proven track record to develop these assets and to maximize shareholder value.

ISS, which is Glass Lewis' closest industry peer, recently released a recommendation that they support the transaction and an excerpt from their conclusion illustrates that, unlike Glass Lewis' analysis, ISS has completed a full review and understands the transaction. In its report, ISS stated: 'The transaction is structured as a merger of equals. The companies believe the combined company's growth prospects are greater than either could achieve on their own (42% compound annual growth rate in production is expected from 2011 to 2016). The companies expect to realize cost savings from a single human resources and community relations program as well as production synergies and economies of scale from more efficient use of facilities. The combined company will have exposure to two large production and development projects and is expected to be well positioned to take advantage of consolidation opportunities. The combined management team is said to be well-suited to dealing with potential political, social and economic issues in Colombia.'(i)

It is the view of the Companies that, in this case, Glass Lewis grossly overlooked several crucial factors needed to make an informed decision on this merger and that the merits of their recommendation must be questioned.

Given the deficiencies identified in the Glass Lewis reports, the Companies believe that shareholders should ignore these inconsistent reports and vote FOR the arrangement resolution.

A joint management information circular, dated May 6, 2011, has been mailed to applicable securityholders and filed on SEDAR (www.sedar.com). The joint circular contains, among other items, details regarding the arrangement resolution, the terms of the acquisition, the business of Gran Colombia and Medoro and certain historical and pro forma financial information relating to Gran Colombia and Medoro.

Securityholders who require assistance voting their proxy should contact Kingsdale Shareholder Services Inc., the Companies' proxy solicitation and information agent, by: (i) telephone toll-free in North America at 1-888-518-1563 or 416-867-2272 outside of North America; or (ii) e-mail to contactus@kingsdaleshareholder.com.

(i)Permission to quote from either the Glass Lewis Reports or the ISS Report was neither sought nor obtained.

About Gran Colombia Gold Corp.

Gran Colombia is a Canadian-based gold and silver exploration and development company focused on acquiring, developing and operating properties of merit in Colombia. Gran Colombia holds 95% of the former Frontino Gold Mines Ltd. gold and silver assets, including the largest underground gold and silver mining

operation in Colombia. It also owns four more exploration projects in Colombia for total exploration acreage of approximately 21,400 hectares. Gran Colombia is committed to implementing its exploration and development strategy with a comprehensive environment, safety and community program, meeting international standards of best practice.

Additional information on Gran Colombia can be found on its website at www.grancolombiagold.com and by reviewing its profile on SEDAR at www.sedar.com.

About Medoro Resources Ltd.

Medoro is a gold exploration, development and mining company with its primary focus being the development of a large-scale, open-pit mine at Marmato in Colombia. Medoro also has a 5% interest in the Gran Colombia properties in Colombia with an option to increase its interest to 50%. Medoro also holds a 100% interest in the Lo Increible 4A and 4B concessions in Venezuela, as well as interests in gold exploration properties in Mali.

Additional information on Medoro can be found on its website at www.medororesources.com and by reviewing its profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-looking Information

This news release contains 'forward-looking information', which may include, but is not limited to, statements with respect to the future financial or operating performance of Medoro, Gran Colombia and their respective projects. Often, but not always, forward-looking statements can be identified by the use of words such as 'plans', 'expects', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates', or 'believes' or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Medoro and Gran Colombia to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release based on current expectations and beliefs and Medoro and Gran Colombia disclaim, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

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