

U.S. Silver and RX Gold & Silver announce proposed business combination to create a growth-oriented U.S. precious metals producer

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- Conference Call Friday, June 8, 2012 at 11am EST (8am PST) -

TORONTO, June 7, 2012 /CNW/ - U.S. Silver Corporation (TSX: USA) (USOTC: USSIF) ("U.S. Silver") and [RX Gold & Silver Inc.](#) (TSX-V:RXE) (OTCQX:RXEXF) ("RX Gold") are pleased to announce the signing of a definitive agreement to combine the two companies (the "Transaction") by way of a plan of arrangement. The resulting company, to be called U.S. Silver & Gold Inc. ("U.S. Silver & Gold"), will be a well-funded, growth-oriented precious metals producer with U.S. Silver's producing Galena mine in Idaho, RX Gold's producing Drumlummon mine in Montana and U.S. Silver's Coeur re-development projects in Idaho.

Highlights of the Transaction

- U.S. Silver shareholders to receive 0.670 U.S. Silver & Gold shares per U.S. Silver share, resulting in their effective ownership of approximately 70% of the combined company.
- RX Gold shareholders to receive 0.109 U.S. Silver & Gold shares per RX Gold share, resulting in their effective ownership of approximately 30% of the combined company.
- Two - 100% owned U.S. based precious metal operations that deliver immediate cash and one silver re-development asset:
 - Combined production base of 2.7 million¹ ounces of silver and 26,500¹ ounces of gold
 - Opportunities for significant resource growth, brownfield development and operational synergies
 - Meaningful organic exploration potential at Drumlummon and Silver Valley areas
 - Geographic concentration of assets that allows for near term focus on improving mine execution of cost reduction strategies.
- Improved liquidity and capital markets profile
- US\$25 million in significant cash and cash equivalents
- Significant experience in capital markets transactions
- Proven track record in acquisitions
- Significant organic growth through opportunistic acquisitions.
- Accretive acquisitions of the Transaction.

In addition, Sprott Asset Management LP ("Sprott") has signed a lock-up agreement supporting the Transaction. Sprott is the largest shareholder of both companies and currently holds approximately 14% of U.S. Silver shares and 8% of RX Gold shares.

Upon completion of the Transaction, the combined company will have approximately 60 million basic common shares issued and outstanding, and there will be options and warrants outstanding to acquire an additional 6.3 million shares. The warrants of both companies will become exercisable for common shares of U.S. Silver & Gold based on the applicable exchange ratio and the options of both companies will be exercisable for options of U.S. Silver & Gold based on the applicable exchange ratio.

Leadership Team

Upon completion of the Transaction, the board of directors of U.S. Silver & Gold will be comprised of four current U.S. Silver board members and four current RX Gold board members (see appendix for full U.S. Silver & Gold board of directors) and the management team will be comprised of the combined best talent from U.S. Silver and RX Gold.

Gord Pridham, Executive Chairman and Interim CEO of U.S. Silver will serve as Chairman of the board of the combined company. Mr. Pridham has over 30 years of experience as a global finance executive and serves on a number of public boards of directors and has been a director of U.S. Silver since November 2008.

Barren Blasutti, currently President and CEO of RX Gold, will assume the same role for the combined company. A chartered accountant, Mr. Blasutti was previously Senior Vice President, Corporate Development at Barrick Gold, where he reported to the CEO, led strategic development, and executed more than 25 M&A transactions over his 13 year tenure.

Robert Taylor, RX Gold's current Chief Operating Officer will assume the role of COO of the combined company and with Steve Long, Senior Vice President of Operations, will lead an impressive group of operating professionals in Idaho and Montana. Mr. Taylor has close to 40 years of mining experience and was previously with [Kinross Gold](#), where he served as Vice President of North American Operations until 2009.

Gord Pridham, U.S. Silver Interim CEO and Executive Chairman, commented, "The combination of U.S. Silver and RX Gold will create a strong North American-focused precious metals producer with a solid portfolio of production and development assets. The proposed management team and board have proven

capability to optimize existing operations, drive significant cost savings through synergies and pursue aggressive growth thereby, creating meaningful value for shareholders."

Darren Blasutti, President & CEO RX Gold, stated, "The Galena mine and Coeur re-development project will enhance RX Gold shareholders' exposure to precious metals production and cash flow. With a rapid production ramp-up and aggressive consolidation strategy, underpinned by a much larger and well-funded company, the RX Gold board and management; all of whom are significant shareholders; believe the strategic and financial rationale of this transaction will benefit all shareholders, employees and other stakeholders. I am confident we will have the financial, human and capital markets wherewithal to achieve our goal of exceeding 5 million ounces of silver production by 2014."

Benefits to Shareholders of U.S. Silver

- U.S. Silver shareholders will own approximately 70% of a combined growth-oriented, larger, producing precious metals company.
- In addition to key U.S. Silver board and management, the combined company gains solid and proven expertise among RX Gold's management, particularly as it pertains to acquiring, exploring, developing

Benefits to Shareholders of RX Gold

- Participation in the 100% owned high grade gold and silver Drumlummon mine, which has historically produced more than 1 million ounces of gold and 18 million ounces of silver over its life.
- Participation in the 100% owned high grade gold and silver Belmont mine, which has historically produced over 200 million ounces of silver produced historically and no historic environmental liabilities.

Transaction Details

Sprott, the largest shareholder of both RX Gold and U.S. Silver, has entered into a lock-up agreement in connection with the Transaction in respect of its approximate 14% ownership of U.S. Silver and its approximate 14% ownership of RX Gold. This represents approximately 12% of the issued and outstanding common shares of the combined company.

Mr. Sprott, CEO & CIO of Sprott, "As a major shareholder of both U.S. Silver and RX Gold, we are very supportive of this transaction. We believe it will unlock significant value for shareholders as the newly formed company will have the production base, management team, balance sheet and capital markets profile to pursue its growth strategy."

The boards of directors of each of U.S. Silver and RX Gold has received a fairness opinion with respect to the Transaction consideration. Both boards have unanimously approved the Transaction and are recommending the Transaction to their respective shareholders. All management and board members have agreed to vote their respective shares in favour of the Transaction.

U.S. Silver and RX Gold have 39 million ounces of silver and a target production rate of 500,000 ounces of silver per year by the end of 2013. In the event that a party enters into an agreement to acquire all or a portion of the assets of U.S. Silver or RX Gold, the party shall be required to pay to the other party a cash payment of \$1.00 per share of common stock of the party being acquired.

The Transaction is conditional upon the receipt of all necessary regulatory approvals, the absence of material adverse changes, and holders of at least 66 2/3% of the total votes cast by shareholders of each of U.S. Silver and RX Gold, as applicable, approving the Transaction at a meeting of each of U.S. Silver and RX Gold shareholders.

Full details of the Transaction will be included in the information circulars of U.S. Silver and RX Gold, which are expected to be filed with securities regulatory authorities and mailed to U.S. Silver and RX Gold shareholders in early July. It is anticipated that the shareholders meeting of both U.S. Silver and RX Gold to approve the Transaction will occur by early August. Closing of the Transaction is anticipated shortly after the shareholders meetings.

Advisors and Counsel

U.S. Silver's financial advisor is Cormark Securities Inc. and its legal counsel is Stikeman Elliott LLP. Cormark has provided an opinion to the board of directors of U.S. Silver that, as of the date thereof, the consideration to be paid under the Transaction is fair, from a financial point of view, to the shareholders of U.S. Silver.

RX Gold has engaged Davies Ward Phillips & Vineberg LLP as its legal counsel. Macquarie Capital Markets Canada Ltd. has provided an opinion to the board of directors of RX Gold that, as of the date thereof, the consideration to be paid under the Transaction is fair, from a financial point of view, to the shareholders of

RX Gold.

Conference Call Information

A conference call for the investment community will take place to discuss the Transaction on Friday, June 8, 2012, at 11am Eastern time (8am Pacific time). Investors, analysts, media and other interested parties are invited to attend.

Webcast/Conference Call

Live Dial-In Information:

Toronto and International: 647-427-7450

North America (Toll Free): 1-888-231-8191

Participant Audio Webcast:

<http://www.newswire.ca/en/webcast/detail/989105/1066033>

The presentation referenced on the conference call will be made available for download on the U.S. Silver website at www.us-silver.com and the RX Gold website at www.rxgold.com. A replay of the call will be available by dialing 1-855-859-2056 and entering reference number 89952475 or by accessing the link to the recording that will be posted to the U.S. Silver and RX Gold websites shortly after the conference call.

About U.S. Silver

[U.S. Silver](http://www.us-silver.com), through its wholly owned subsidiaries, owns and/or operates the Galena, Coeur, Caladay and Dayrock silver-lead-copper mines in Shoshone County, Idaho, with the Galena mine being the second most prolific silver mine in U.S. history. Total silver production from U.S. Silver's mining complex has exceeded 217 million ounces of silver production since 1953. U.S. Silver controls a land package now totalling approximately 14,000 acres in the heart of the Coeur d'Alene Mining District. U.S. Silver is focused on expanding the production from existing operations as well as exploring and developing its extensive Silver Valley holdings in the Coeur d'Alene Mining District. www.us-silver.com

About RX Gold

[RX Gold](http://www.rxgold.com) is a gold and silver mining company focused on growth in North America. Currently RX Gold is concentrating on continuing test mining and expanding development at its 100% owned Drumlummon Mine. The Drumlummon Mine is a bonanza style low sulphidation epithermal gold and silver deposit with historic production of approximately one million ounces of gold equivalent. The mine has never been fully exploited or explored and material that was once considered waste is now potentially economic. In addition, RX Gold has discovered a series of entirely new high-grade gold and silver veins that remain open for expansion in three directions. www.rxgold.com

Certain information in this press release may contain forward-looking statements. This information is based on current expectations that are subject to significant risks, assumptions and uncertainties that are difficult to predict and the risk that regulatory approvals may not be obtained or that conditions of closing will not be satisfied or waived within the timeframe contemplated. Additional potential risks include: that U.S. Silver & Gold may not achieve anticipated synergies; loss of key personnel; reduction in the anticipated cash levels; and, not achieving production goals stated. Actual results might differ materially from results suggested in any forward-looking statements. U.S. Silver and RX Gold assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to the U.S. Silver and RX Gold. Additional information identifying risks and uncertainties is contained in filings by the U.S. Silver and RX Gold with the Canadian securities regulators, which filings are available at www.sedar.com

Appendix: Proposed U.S. Silver & Gold Board of Directors

Gordon Pridham Chairman	• Over 30 years of experience as a global finance executive • Extensive special committee and public board experience with a track record for shareholders • Serves on the public company boards of Newalta Corporation, NorRock Rea Corporation and Titanium Corporation, where he is Chairman of the Board
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Darren Blasutti President and CEO, Director	• Former SVP Corporate Development and Investor Relations for Barrick Gold • President and CEO • Led Barrick's strategic development for over 13 years executing over 25 gold transactions - Sutton Resources, Homestake Mining, Placer Dome, consolidation of the C Rio Tinto and responsible for creation of Barrick Energy to hedge exposure to energy price
Hugh Agro Director	• Former EVP Strategic Development at Kinross Gold, where he oversaw corp and exploration until his retirement in 2009 • Held senior positions with Placer Dome Canada and Deutsche Bank
John Brock Director	• Geologist with over 40 years experience as an executive for 20 public, junior companies • Participated in 12 major mineral deposit discoveries in north and western Ca Mexico, and Ecuador • Currently CEO of Pacific Ridge Exploration and an advisor to the Manex Res
Alex Davidson Director	• Retired in 2009 as EVP Exploration and Corporate Development at Barrick C • 2005 AO Dufresne Award to recognize exceptional achievement and disting to mining exploration in Canada • In 2003 was named Prospector of the Year by PDAC for discovery of Alto C
Louis Dionne Director	• Former Senior Vice President Underground Operations at Barrick Gold • Currently a director of Detour Gold Corporation and Aurizon Mining Ltd.
Alan Edwards Director	• Board of directors for AuRico Gold Inc. , Entrée Gold Inc., Copper One Inc., C and AQM Copper Inc. , where he is Chairman of the Board • Senior management positions with Frontera Copper, Apex Silver Mines, Kin and Phelps Dodge
Tom Ryley Director	• Board of directors for Newalta Corporation, Tribute Resources and Benefuel Chairman of the Board • Former Executive Vice President of Suncor Energy, where he worked for 25 roles
Lorie Waisberg Director	• Former Senior Partner at Goodmans LLP, and EVP of Finance and Administ Inc. • Accredited with Institute of Corporate Directors and sits on Boards of Tembe Logistics Inc.

1 Q1, 2012 production results, annualized.

2 1.47 million tonnes at 490.3 g/t Ag from the Technical Report Shoshone County, Idaho prepared for U.S. Silver (dated March 19, 2012) (the "U.S. Silver Report")

3 2.26 million tonnes at 571.6 g/t Ag from the U.S. Silver Report

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