

# Delta Gold Corporation and Commonwealth Silver and Gold Mining Inc. Sign Arrangement Agreement

06.06.2014 | [Marketwired](#)

VANCOUVER, BRITISH COLUMBIA and TORONTO, ONTARIO -- (Marketwired - June 6, 2014) - [Delta Gold Corporation](#) (TSX VENTURE:DLT) ("Delta Gold") and [Commonwealth Silver and Gold Mining Inc.](#) ("Commonwealth Silver"), a privately-held company incorporated under the laws of Canada, are pleased to announce that, further to their joint news release issued on April 24, 2014, they have signed a definitive arrangement agreement (the "Agreement") with respect to the proposed business combination (the "Transaction") which would result in a reverse takeover of Delta Gold by Commonwealth Silver, thereby resulting in a going-public transaction for Commonwealth Silver.

## Transaction Details

Under the terms of the Agreement, Delta Gold's outstanding common shares (each, a "Delta Share") will be consolidated on a 20:1 basis (the "Consolidation"). In connection with the Transaction, Commonwealth Silver expects to complete a concurrent financing of between \$3 million and \$10 million (the "Financing"), the terms of which are discussed in greater detail below. Shares of Commonwealth Silver (each, a "Commonwealth Share") will be valued based on the price and terms established for the Financing. As a result, it is expected that Shareholders of Commonwealth Silver will receive 0.6 Delta Shares (post-Consolidation) for every one Commonwealth Share held. On a post-Transaction, pre-Financing basis, it is expected that existing Commonwealth Silver and Delta Gold shareholders will own approximately 79.5% and 20.5% of the combined company (the "Resulting Issuer"), respectively.

Commonwealth Silver will amalgamate with a newly-formed wholly-owned subsidiary of Delta Gold pursuant to a statutory plan of arrangement under the Canada Business Corporations Act. The Resulting Issuer is expected to be named "Commonwealth Silver and Gold Mining Inc.", will be headquartered in Toronto, and will continue to be listed on the TSX Venture Exchange (the "TSX-V"). On a post-Transaction and pre-Financing basis, the Resulting Issuer will have approximately 46.5 million shares outstanding (55.2 million on a fully-diluted basis).

Closing of the Transaction, as contemplated by the Agreement, is subject to a number of conditions and approvals, which include: completion of the Financing on acceptable terms; approval by the respective shareholders of Delta Gold and Commonwealth Silver; court approval; and the approval of all relevant regulatory authorities, including the TSX-V. There can be no assurance that the Transaction or the Financing will be completed as proposed or at all. The Agreement provides for termination rights, including in the event the Transaction is not completed by September 30, 2014.

Further details regarding the Transaction will be provided in a joint management information circular (the "Circular") to be mailed to shareholders of Commonwealth Silver and Delta Gold in connection with their respective shareholders' meetings to approve the Transaction. The parties expect to complete and mail the Circular in early July 2014 and to hold their respective special meetings in early August 2014. The Transaction is expected to close shortly thereafter.

The directors of each of Delta Gold and Commonwealth Silver have unanimously determined (with any interested directors abstaining) to recommend the approval of the Transaction to the shareholders of their respective companies. In connection with entering into the Agreement, directors, officers and major shareholders collectively holding approximately 59.3% of the issued and outstanding Commonwealth Shares and 25.7% of the issued and outstanding Delta Shares have entered into agreements to vote their respective shareholdings in favour of the Transaction.

Delta Gold intends to continue the trading halt currently in effect in respect of the Delta Shares until further notice.

## Financing Update

Pursuant to the Financing, Commonwealth Silver will issue subscription receipts (each, a "Subscription

Receipt") at a price of \$0.40 per Subscription Receipt. Each Subscription Receipt will be automatically exchanged, prior to the closing of the Transaction, into units (each, a "Unit"), each Unit to be comprised of one Commonwealth Share and one Commonwealth Share purchase warrant (each, a "Commonwealth Warrant"). Each Commonwealth Warrant will entitle the holder to purchase one additional Commonwealth Share at a price of \$0.50 until three years following the date of closing of the Financing, which is expected to occur concurrently with the closing of the Transaction. Securities issued pursuant to the Financing are not expected to be subject to resale restrictions upon completion of the Transaction.

Euro Pacific Canada Inc. ("Euro Pacific") and Edgecrest Capital Corporation ("Edgecrest") are acting as lead agents in connection with the Financing. The proceeds raised in the Financing will be used by the Resulting Issuer to fund the advancement of the Commonwealth Project (as defined below), the advancement of Delta Gold's Imperial Project in California, and general working capital purposes. The lead agents and the other members of the syndicate will collectively receive a cash commission equal to 6.0% of the gross proceeds of the Financing and broker warrants ("Broker Warrants") equal to 6.0% of the number of Subscription Receipts issued pursuant to the Financing. Each Broker Warrant will entitle the holder to purchase one additional Commonwealth Share at a price of \$0.40 until three years following the date of closing of the Financing.

Completion of the Financing is subject to certain conditions including, among others, the completion of the Transaction, satisfactory completion of due diligence, and the entering into of a definitive agency agreement.

### **Acquisition of Property Rights by Commonwealth Silver**

Commonwealth Silver is pleased to announce that it has entered into a definitive asset purchase agreement (the "Purchase Agreement") to acquire approximately 1,327 acres of surface rights and associated water rights (the "Property Rights") adjacent to its Commonwealth Gold and Silver Project in Cochise County, Arizona (the "Commonwealth Project"). The Property Rights are being purchased from a privately-owned Arizona company (the "Vendor").

Under the terms of the Purchase Agreement, Commonwealth Silver is acquiring the Property Rights from the Vendor in consideration for an initial payment of US\$100,000 plus a subsequent payment of either (i) US\$1,400,000, if the acquisition of the Property Rights closes within three months of the date of execution of the Purchase Agreement, or (ii) US\$1,500,000, if the acquisition of the Property Rights closes between three and six months from such date. It is expected that the subsequent payment will be made by the Resulting Issuer, immediately following the closing of the Transaction.

Michael H. Farrant, President and Chief Executive Officer of Commonwealth Silver commented, "Our acquisition of these surface and water rights was critical to the development of the Commonwealth Project, including permitting the Project entirely on private land and securing access to future water requirements. This acquisition serves to significantly de-risk the Project and moves us a huge step forward in terms of being able to execute on the mine plan as laid out in the preliminary economic assessment. We are extremely pleased with the progress being made on all fronts, including the Transaction."

### **Promissory Note Financing**

Following approval from the TSX-V, Delta Gold and Commonwealth Silver have executed definitive loan documentation pursuant to which Delta Gold has advanced to Commonwealth Silver funds in the aggregate amount of \$1,000,000, as previously announced on April 24, 2014. Such funds are initially non-interest bearing and are secured by a pledge of the outstanding shares of Commonwealth Silver's wholly-owned subsidiary.

### **About Delta Gold and Commonwealth Silver**

For further information on Delta Gold, please visit Delta Gold's website at [www.deltagold.com](http://www.deltagold.com). For further information on Commonwealth Silver, please visit Commonwealth Silver's website at [www.commonwealthsilver.ca](http://www.commonwealthsilver.ca). The Transaction presentation will be made available on both companies' websites in due course.

### **CAUTIONARY STATEMENTS**

*Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this news release.*

*All statements in this news release, other than statements of historical fact that address events or*

developments which Delta Gold or Commonwealth Silver expect to occur, constitute "forward-looking information". These statements relate to future events or future performance and reflect Commonwealth Silver's and Delta Gold's current expectations regarding the Transaction, the Financing, the Consolidation, the acquisition of the Property Rights, and the future growth, results of operations, business prospects and opportunities of the Resulting Issuer. Forward-looking information reflects Commonwealth Silver's and Delta Gold's current internal projections, expectations or beliefs and is based on information currently available to Commonwealth Silver and Delta Gold, respectively. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. Assumptions upon which such forward-looking information is based include, among others, that Delta Gold and Commonwealth Silver will be able to satisfy the conditions to closing contained in the Agreement, that the Financing will be completed on terms favourable to Commonwealth Silver and Delta Gold, that the required approvals to the Transaction and matters relating thereto will be obtained from the shareholders of each of Delta Gold and Commonwealth Silver, that all required regulatory and court approvals will be obtained on a timely basis and on terms favourable to each of Delta Gold and Commonwealth Silver, that Commonwealth Silver will be able to satisfy the conditions to closing contained in the Purchase Agreement, and that the business prospects and opportunities of the Resulting Issuer will be as anticipated. Many of these assumptions are based on factors and events that are not within the control of Delta Gold, Commonwealth Silver or the Resulting Issuer, and there is no assurance they will prove to be correct or accurate.

Risk factors that could cause actual results to differ materially from those predicted herein include, without limitation: the speculative nature of the mineral exploration and development industry; an inability to obtain any of the approvals required to complete the Transaction; volatility in financial markets or general economic conditions; capital requirements and the need for additional financing; fluctuations in international currency markets and in the rates of exchange for the currencies of Canada and the United States; price volatility in the spot and forward markets for commodities generally and for silver and gold in particular; discrepancies between actual and estimated production, mineral reserves and mineral resources, metallurgical recoveries and/or exploration results; changes in regulations and unpredictable political or economic developments in the countries in which the Resulting Issuer will or may carry on business; competition in the mineral exploration and development industry; loss of key personnel; changes in project parameters as plans continue to be refined; labour disputes; and defective title to mineral claims or property, or contests over claims to mineral properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding (and the risk of inadequate insurance or inability to obtain insurance to cover these risks), as well as the risks disclosed under the heading "Risks and Uncertainties" in the most recent management discussion and analysis for Delta Gold available under its SEDAR profile at [www.sedar.com](http://www.sedar.com). Forward-looking information is not a guarantee of future performance and actual results and future events could differ materially from those discussed in any such forward-looking information. All of the forward-looking information contained in this news release is qualified by these cautionary statements. Although Commonwealth Silver and Delta Gold believe that the forward-looking information contained herein is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on any of the forward-looking information contained herein. Each of Delta Gold and Commonwealth Silver expressly disclaims any intention or obligation to update or revise any forward-looking information in this news release, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. Such securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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<https://www.rohstoff-welt.de/news/175292--Delta-Gold-Corporation-and-Commonwealth-Silver-and-Gold-Mining-Inc.-Sign-Arrangement-Agreement.html>

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