

Calibre Mining Buyout Opposed by Van Eck

Calibre Mining (TSX: CXB)

Van Eck, Calibre Mining's top shareholder at 8.9% as per a recent declaration, is opposing the takeover of Calibre by Equinox Gold.

I wholeheartedly agree with their opposition, and wonder if their lead will be followed by other institutional investors?





	Calibre Mining	TSX: CXB
	Stage	Production, development, exploration
	Metals	Gold
	Market cap	C\$2.52 Billion @ C\$2.96
	Location	Canada, Nicaragua, USA
	Website	www.calibremining.com

Comment

I have been a shareholder of **Calibre Mining** for a few years, firstly after they took over **Fiore Gold** where I was a shareholder, and then they took over **Marathon Gold Corp.**, where again I was a shareholder.

Marathon were struggling to complete the construction of the Valentine Gold Mine in Newfoundland due to financial constraints, so Calibre offered a route to production without massive dilution.

Equinox Gold recently announced they are acquiring **Calibre** in an all-share deal with no premium for Calibre shareholders.

I am very pleased to hear that **Van Eck** is opposing the Equinox Gold buyout of Calibre Mining, because I too think this is a bad deal for Calibre shareholders, of which I'm still one.

Van Eck shares my concerns, and it is not only the largest Calibre shareholder at 8.9%, it is also a large shareholder of Equinox Gold!

Imaru Casanova, a portfolio manager for Van Eck Associates Corp., said that the merger “*dilutes the quality and potential*” of Calibre Mining.

With such an influential shareholder of both companies opposing the deal, this could get very interesting if other institutions agree.

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My main concerns

Equinox Gold’s huge debt of around \$1.48 billion ([source](#)) that Calibre shareholders will end up partly repaying through profits from their operations.

No premium was offered.

The deal results in a mish mash of mines and projects spread over a number of countries. Interestingly this is one of the principal objections raised by Van Eck.

I feel the commencement of production at Valentine would have rerated the stock, hence Equinox’s opportunistic approach now before the CXB price moved upwards.

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In conclusion, I think this deal benefits Equinox shareholders

at the expense of Calibre shareholders, and I too will be voting against when the time comes. My hope is that Van Eck's objections will lead to other institutional objections, over 33% is required to prevent the transaction going ahead.

I did speak to a couple of people from the company at PDAC, and expressed my concerns, and they tried to convince me that with the current price of gold and when 900,000 ounces of annual production is achieved, the debt will be paid off quickly.

This may be so, but without this deal Calibre would have been banking money from Valentine from the word go, which when added to Nicaraguan production, and Nevada, would have created a huge cash pile for either shareholder dividends or acquisitions of their own.

[A recent Article by Mining.com is here](#)

[To View Calibre's historical news, please click here](#)

[The live gold price can be found HERE](#)

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Disclosure

At the time of writing the author holds shares in Calibre Mining

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I am invested because of the past record of company achievements, and the opening of the large Valentine Gold Mine in Newfoundland later this year, an event that I consider will bring about a positive rerating of the share price.