



News

2009
2008
2007
2006
2005
2004
2003

 [PRINTER FRIENDLY PAGE](#)
 [EMAIL THIS PAGE](#)

StrataGold Corporation

Wed Feb 11, 2009

StrataGold Announces Business Combination With Victoria Gold Corp.

February 11, 2009 - Vancouver, BC - StrataGold Corporation (SGV-TSX) ("StrataGold") and Victoria Gold Corp. ("Victoria") (VIT-TSX.V) are pleased to announce that their respective boards of directors have approved a letter of agreement in respect of a proposed friendly transaction (the "Transaction") to combine the companies through an all share transaction.

Financial Terms of the Transaction

Victoria has agreed to offer StrataGold shareholders 0.1249 of a Victoria common share for each StrataGold common share held. Based on the 60 day volume weighted average trading price of StrataGold, the Victoria share consideration represents a 38.1% premium to the shareholders of StrataGold and a 18.7% premium as at the close of market on February 10, 2009. All outstanding StrataGold options and warrants will be exchanged for equivalent value options and warrants of Victoria on similar terms.

StrataGold's Executive Chairman, Mr. Roman Friedrich, stated "This proposed transaction is a strategic one for both companies and brings to StrataGold Victoria's northern project development expertise to advance our Dublin Gulch Project. Kinross Gold Corporation, which is a significant shareholder of Victoria, operates the Fort Knox mine in Alaska, which StrataGold and Victoria believe is geologically analogous to Dublin Gulch. The combination of the two companies provides Victoria with two additional advanced projects to add to its impressive pipeline of projects."

Chad Williams, President and CEO of Victoria Gold Corp said "This Transaction increases Victoria's total NI 43-101 compliant gold resources from 1,2 million ounces to approximately 4.3 million ounces with just 17% equity dilution. The rationale for our acquisition is StrataGold's Dublin Gulch Eagle Zone Deposit, but we have yet to assess the full development potential of their assets in Guyana and there has been significant interest in the Mar-Tungsten Deposit by Chinese interests. "

Further Details Regarding the Transaction

It is envisaged that the transaction will be structured as an acquisition of all of the outstanding shares of StrataGold by Victoria completed by way of a plan of arrangement. The parties have agreed to work towards entering into a definitive agreement as soon as possible and in any event by March 12, 2009.

As a result of the Transaction, all existing warrants, options and other rights to acquire common shares of StrataGold will be deemed to represent comparable securities of Victoria adjusted on the same share exchange ratio basis. In their approval of this transaction, the board of StrataGold considered a fairness opinion from StrataGold's independent financial advisor, Paradigm Capital Inc., indicating the agreed share exchange ratio is fair from a financial point of view, its assessment of the recent trading activity, the relative asset contributions of Victoria and StrataGold, input from StrataGold's special committee of independent directors, the current financial condition of StrataGold and takes into account the Bridge Loan that Victoria has agreed to provide to StrataGold as described below.

Completion of the transaction is conditional upon: the StrataGold shareholders having approved the transaction by a 66 2/3% majority; receipt of all necessary regulatory approvals, the absence of a material adverse change with respect to each party; and certain other customary conditions.

The letter of agreement includes a commitment by StrataGold not to solicit alternative transactions. In addition, Victoria has agreed to pay StrataGold, in certain circumstances, a fee of \$250,000 if the proposed transaction is not completed and StrataGold has agreed to pay Victoria, in certain circumstances, a fee of \$300,000 if the proposed transaction is not completed.

Upon completion of the transaction the current President and CEO of Victoria, Mr. Chad Williams, will remain the President & CEO of the combined company which will retain the name "Victoria Gold Corp." A current director of the StrataGold board of directors will be a director of the combined company until at least the first meeting of the shareholders of the combined company.

If this transaction is completed Victoria will have approximately 157,200,000 common shares issued and outstanding on a fully diluted basis, of which current Victoria shareholders will own approximately 85.4% and former StrataGold shareholders will own approximately 14.6%.

The Bridge Loan

In connection with the Transaction, Victoria has agreed to extend to StrataGold an initial \$350,000 bridge facility and a further irrevocable line of credit in the amount of \$400,000 (together, the "Bridge Loan"). The Bridge Loan bears annual interest at a rate of 15% payable monthly, matures on September 30, 2009 (the "Maturity Date") and will be secured by a first charge over all of the assets of StrataGold relating to its Dublin Gulch property. Concurrent with the initial advancement of funds by Victoria to StrataGold, StrataGold will issue to Victoria 5,000,000 common share purchase warrants of StrataGold (the "Initial Warrants"), with each Initial Warrant entitling Victoria to acquire one common share of StrataGold at a price of \$0.06 for a period of two years. The Bridge Loan is repayable in whole, but not in part, prior to the Maturity Date, but in the event of such

prepayment, StrataGold is required to issue to Victoria 5,000,000 common share purchase warrants of StrataGold (the "Repayment Warrants"), with each Repayment Warrant entitling Victoria to acquire one common share of StrataGold for a period of two years after the date of issue thereof, pricing subject to Exchange approval. StrataGold did not draw down on an alternate credit facility.

Paradigm Capital Inc. is acting as financial advisor to StrataGold and has provided an opinion to StrataGold that, subject to certain assumptions and limitations set out therein, the proposed Transaction is fair, from a financial point of view, to shareholders of StrataGold. Fraser Milner Casgrain LLP is acting as legal counsel to Victoria and Davis LLP is acting as legal counsel to StrataGold.

Conference Call

A joint conference call will be hosted by Chad Williams, President and CEO of Victoria Gold Corp. and Terry Tucker, President and CEO of StrataGold Corporation at 4:00 pm (EST) February 11, 2009, to discuss this transaction. Details of the conference call will follow in a subsequent advisory.

About StrataGold

StrataGold is a TSX Exchange listed and Vancouver-based mineral exploration company which conducts gold and tungsten exploration at its projects in the Yukon and Guyana. StrataGold's main projects are Dublin Gulch, including the Eagle Zone and Mar-Tungsten Deposits, located along the Tintina Gold Belt in central Yukon and the Tassawini Project and the BRL Venture located in Guyana. The resources at Dublin Gulch are comprised of the Eagle Zone Deposit that contains a NI 43-101 Indicated Resource containing 2.69 million ounces of gold averaging 0.849 g/t gold (see news release dated January 14, 2009), and the Mar-Tungsten Deposit that contains a NI 43-101 Indicated Resource containing 86.2 million pounds of tungsten averaging 0.31% WO₃ and has a positive NI 43-101 Preliminary Economic Assessment (see news release dated December 1, 2008). The Tassawini Project includes the Tassawini Deposit that contains a NI 43-101 Indicated Resource of 436,600 ounces of gold averaging 1.3 g/t gold (see news release dated June 10, 2008). Newmont Mining Corporation of Canada Limited is the major shareholder of StrataGold, holding approximately 14.9% of the common shares outstanding, and Newmont Overseas Exploration Limited, a subsidiary of Newmont Mining Corporation, is StrataGold's joint venture partner on the BRL Venture.

About Victoria

Victoria aims to be a high growth, lower risk company focused on gold. The Company's strategy is to add value per share through efficient exploration, accretive acquisitions and effective marketing. Maintaining a low risk profile through project diversification, sound financial management, and operating in secure jurisdictions are key priorities for Victoria's management team. The Toronto-based gold exploration Company is listed on the TSX Venture Exchange and has 17 advanced quality gold projects in Nevada for a total land position of 50,000 hectares. On December 18, 2008, Victoria closed the purchase of Gateway Gold Corp., acquiring the Big Springs property that contains a NI 43-101 compliant Inferred Resource of 15.4 million tons containing 1.2 million ounces of gold with an average grade of 2.67 g/t gold. Kinross Gold Corporation, together with its subsidiary EastWest Gold, holds 28% of Victoria.

For Further Information Contact:

Roman Friedrich
Executive Chairman
StrataGold Corporation
Tel: 604-633-9295
rfriedrich@stratagold.com

Terry Tucker, President and CEO
StrataGold Corporation
Tel: 604-696-6602
terrytucker@stratagold.com

Vanessa Pickering
Manager, Investor Communications
StrataGold Corporation
Tel: 604-696-6601
vpickering@stratagold.com

Chad Williams
President & CEO
Victoria Gold Corp.
Tel: 416-866-8800 ext 230
cwilliams@victoriaus.com

Linda Dorrington
Director Public & Corporate Affairs
Victoria Gold Corp.
Tel: 416-866-8800 ext 226
ldorrington@victoriaus.com

Statement Regarding Forward Looking Statements

This news release of StrataGold Corporation (the "Company") contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or developments in our industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "aims," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as such information constitutes a prediction of what might be found to be present when and if a project is actually developed. Forward-looking statements in this document include statements regarding: the Company's expectations regarding drilling and exploration activities on properties in which the Company has an interest and the Company's estimates of resources on properties in which the Company has an interest. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements, and readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their respective dates. Important factors that could cause actual results to differ materially from the Company's expectations include among others, risks related to fluctuations in mineral prices; uncertainties related to raising sufficient financing to fund planned work in a timely manner and on acceptable terms; changes in planned work resulting from weather, logistical, technical or other factors; the possibility that results of work

will not fulfill expectations and realize the perceived potential of the Company's properties; uncertainties involved in the estimation of resources; the possibility that required permits may not be obtained on a timely manner or at all; the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic; the possibility that the estimated recovery rates may not be achieved; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in work programs; the risk of environmental contamination or damage resulting from the Company's operations; risks associated with title to mineral properties; and other risks and uncertainties discussed under the heading "Risk Factors" in Section 5 of the Company's Annual Information Form filed on SEDAR and elsewhere in the Company's documents filed from time to time with the Toronto Stock Exchange and Canadian securities regulators. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the availability of financing for proposed transactions and programs on reasonable terms, and the ability of outside service providers to deliver services in a satisfactory and timely manner. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as expressly required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

This news release uses the terms "Inferred Resource", "Indicated Resource" and "Mineral Resource". The Company advises readers that although these terms are recognized and required by Canadian securities regulations (under National Instrument 43-101 "Standards of Disclosure for Mineral Projects"), the US Securities and Exchange Commission does not recognize these terms. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that any part of an Indicated or Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Assessment as defined and permitted under National Instrument 43-101. Readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable. The Mineral Resources stated in this news release are not mineral reserves and, in the absence of a current feasibility study, do not demonstrate economic viability. The determination of mineral reserves can be affected by various factors including environmental, permitting, legal, title, taxation, socio-political, and marketing issues.

You can view the [Previous](#) News Releases item: *Thu Feb 5, 2009, StrataGold Receives Recommendation To Advance The Eagle Zone Deposit To Pre-Feasibility, Dublin Gulch, Yukon*

You can return to the main [News Releases](#) page, or press the **Back** button on your browser.