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ECHO BAY MINES LTD
Form DEFA14A
June 10, 2002

SCHEDULE 14A

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 17 CFR 240.14a-12

ECHO BAY MINES LTD.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transactions:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
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Echo Bay Mines Ltd. ("Echo Bay" or the "Company") was incorporated in Canada in 1964. Its principal executive office is located at Suite 1210, 10180 - 101 Street, Edmonton, Alberta, T5J 3S4, Canada and its telephone number is 780-496-9002. The Company is principally engaged in gold mining and related activities.

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF ECHO BAY

The following table sets forth the name and present principal occupation or employment of each director and executive officer of Echo Bay. Unless otherwise indicated, the positions identified below are held with the Company. The business address of each such person is c/o Echo Bay Mines Ltd., Suite 1210, 10180 - 101 Street, Edmonton, Alberta, T5J 3S4, Canada and the telephone number of such person is 780-496-9002.

Name	Present Office with the Company or other Principal Occupation
John Norman Abell	Director
Ron Binns	Director and Vice President, Finance and Chief Financial Officer Newmont Mining Corporation of Canada Limited
Lois-Ann L. Brodrick	Vice President and Secretary
Peter Clarke	Director and Consultant to the metals and mining industries
David Harquail	Director and Senior Vice President Newmont Mining Corporation of Canada Limited
Robert Leigh Leclerc	Chairman of the Board of Directors and Chief Executive Officer
Jerry L. J. McCrank	Vice President, Operations
John Frederick McOuat	Director and Chairman Watts, Griffis and McOuat Limited
David A. Ottewell	Controller
Tom S. Q. Yip	Vice President, Finance and Chief Financial Officer

INTERESTS OF NAMED INDIVIDUALS

Security Ownership of Management

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The following table shows equity securities of the Company beneficially owned by all directors and executive officers:

Title of Class	Beneficial Owner	Amount and Nature of Beneficial Ownership as of 6/10/02	Options Exercisable as of 6/10/02 and within 60 Days thereafter	Options Unexercisable as of 6/10/02 and for 60 Days thereafter
Common	John Norman Abell	15,000	29,100	-
Common	Ron Binns	-	-	-
Common	Lois-Ann L. Brodrick	-	73,900	45,233
Common	Peter Clarke	5,000	59,000	30,000
Common	David Harquail	-	-	-
Common	Robert Leigh Leclerc	10,000	700,083	190,027
Common	Jerry L. J. McCrank	5,000	108,911	50,292
Common	John F. McOuat	2,791	22,600	-
Common	David Ottewell	-	15,252	10,000
Common	Tom S. Q. Yip	300	100,230	46,147
Common	Directors and Executive Officers as a Group	1,147,267 (1) (2) (3)		

- (1) Represents 0.21 percent of the outstanding common shares of the Company.
- (2) Includes 1,109,176 common shares which directors and officers have the right to acquire within 60 days of June 10, 2002.
- (3) No individual director or officer owns common shares of the Company representing 1.0 percent or more of the number of outstanding shares. Messrs. Binns and Harquail are officers of Newmont Mining Corporation of Canada Limited ("Newmont") which, as of April 5, 2002, owns 48.8 percent of the Company's common shares (this percentage does not reflect the public offering of 39,100,000 units (each unit consisting of one common share and one common share purchase warrant) which closed May, 2002).

Share Incentive Plan

The Company has adopted a share incentive plan which provides for the grant to officers and employees of options to purchase common shares. The Compensation Committee may, in its sole discretion, accelerate the time at which any option may be exercised in whole or in part. Such discretion may be exercised in any circumstances deemed appropriate by the Committee including, without limitation, the threat (actual or perceived) of a take-over bid for voting control of the Company. If there is a take-over bid (including, in connection with the proposed transaction among Kinross Gold Corporation ("Kinross"), TVX Gold Inc. ("TVX") and Echo Bay to combine their respective businesses) for the Company and the Committee does not accelerate the time at which any option may be exercised, then all options will become exercisable no later than the time the acquirer becomes entitled to take up and pay for the common shares of the Company acquired pursuant to the bid.

Director Equity Plan

The Company has adopted a director equity plan which provides for the

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grant of options to purchase common shares to non-employee directors. The Company stopped granting options under this plan and all options previously granted under the plan will be vested as of June 11, 2002.

Employment Contracts and Termination of Employment and Change-in-Control Agreements

Mr. Leclerc and the Company have entered into an employment contract which is for an indefinite term and provides for certain lump sum payments if the Company terminates Mr. Leclerc's employment on less than two years' written notice or demotes him and he voluntarily resigns. If a change of control of the Company is followed by a termination of Mr. Leclerc's employment under specified

circumstances, Mr. Leclerc shall be paid a cash payment equal to three times the total of his annual base salary plus bonus under the executive cash incentive plan and shall receive two years of continued health coverage. If these payments and any other benefits provided to Mr. Leclerc would be subject to any excise tax imposed by section 4999 of the United States Internal Revenue Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "Excise Tax"), then Mr. Leclerc shall be entitled to receive an additional payment (an "Excise Tax Restoration Payment") in an amount that shall fund the payment of any Excise Tax on the total payments and benefits received by Mr. Leclerc following a change of control as well as all income taxes imposed on the Excise Tax Restoration Payment, any Excise Tax imposed on the Excise Tax Restoration Payment and any interest or penalties imposed with respect to taxes on the Excise Tax Restoration Payment or any Excise Tax. The specified circumstances referred to in the sentence before last include (i) the Company's termination of Mr. Leclerc's employment within one year of a change of control or (ii) a voluntary resignation by Mr. Leclerc for "good reason" within one year of a change of control. The expression "good reason" is defined to include any one of four acts of employer constructive dismissal: the assignment of lower level status or responsibility, a reduction in base salary, a requirement to relocate, or a change in employee participation in or benefits under the Company's benefit plans. Additionally, in the final 30 days of the one-year period referred to above, Mr. Leclerc may resign for any reason, or no reason at all, and be entitled forthwith to the cash payment calculated as specified above.

Each of the other named executive officers has entered into an employment contract for an indefinite term. The contracts provide for certain lump sum payments if the Company terminates the individual's employment on less than one year's written notice or the individual is demoted and voluntarily resigns. In all other respects, including with respect to the change of control and Excise Tax Restoration Payment provisions, the employment contracts for Ms. Brodrick and Messrs. McCrank and Yip are identical to Mr. Leclerc's contract. Mr. Ottewell's contract provides for a lower payout structure than the others, does not afford the right to resign in the final 30 days of the one-year period referred to above, and does not contain an obligation on the part of the Company to make an Excise Tax Restoration Payment.

OTHER SHAREHOLDER INFORMATION

Security Ownership of Certain Beneficial Owners

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Based upon information available to the Company as of April 5, 2002, the following shareholders were the beneficial owners of more than five percent of the common shares:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)
Common	Newmont Mining Corporation of Canada Limited Suite 1900, 20 Eglinton Avenue West Toronto, Ontario M4R 1K8	244,993,890
Common	Kinross Gold Corporation 52nd Floor, Scotia Place 40 King Street West Toronto, Ontario M5H 3Y2	57,126,674
Common	Goldman Sachs & Co. 85 Broad Street New York, NY 10004	35,595,703

- (1) The share numbers and related percentage ownership figures do not reflect the public offering of 39,100,000 units (each unit consisting of one common share and one common share purchase warrant) which closed May, 2002.

Relationship with Newmont

Two members of the Echo Bay Board of Directors, Messrs. Binns and Harquail, are officers of Newmont. As of April 5, 2002, Newmont owns 48.8 percent of Echo Bay's outstanding common shares.

Kinross, TVX and Echo Bay expect to enter into a formal agreement to effect the combination of their respective businesses. It is expected that the consummation of the combination will be conditioned on the concurrent closing of TVX's proposed acquisition of Newmont's 49.9 percent interest in TVX Newmont Americas.

It is expected that concurrent with the signing of a formal agreement to effect the combination, Newmont and Echo Bay will enter into a Lock-Up Agreement (the "Newmont Lock-Up Agreement") whereby Newmont would agree to vote its Echo Bay common shares in favor of the participation of Echo Bay in the combination involving Kinross, TVX and Echo Bay.

Relationship with Kinross

As of April 5, 2002, Kinross owns 11.4 percent of Echo Bay's outstanding common shares. It is expected that concurrent with the signing of a formal agreement to effect the combination, Kinross and Echo Bay will enter into a Lock-Up Agreement (the "Kinross Lock-Up Agreement") whereby Kinross would agree to vote its Echo Bay common shares in favor of the participation of Echo Bay in the combination involving Kinross, TVX and Echo Bay.

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CAUTIONARY STATEMENT

Investors and security holders are urged to read the proxy statement regarding the business combination transaction referred to in the foregoing information, when it becomes available, because it will contain important information. The proxy statement will be filed with the SEC by Echo Bay. Investors and security holders may obtain a free copy of this proxy statement (when it is available) and other documents filed by Echo Bay with the SEC at the SEC's website at www.sec.gov. The proxy statement (when it is available) and these other documents may also be obtained for free from Echo Bay by directing a request to Lois-Ann L. Brodrick, Vice President and Secretary, 780-496-9704, lbrodrick@echobaymines.ca.

CERTAIN INFORMATION CONCERNING PARTICIPANTS

This filing contains a detailed list of names, affiliations and interests of Echo Bay participants in the solicitation of proxies of stockholders to approve the proposed business combination involving Kinross, TVX and Echo Bay.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The text of this filing contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management 's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These statements are not guarantees of future performance, involve certain risks, uncertainties, and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein.

In any forward-looking statement in which Echo Bay expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished.