

# Corsa Arranges a premium priced US\$40 million financing and the Acquisition of Kopper Glo Investment from Quintana Energy Partners, L.P.

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TORONTO, March 21, 2013 - [Corsa Coal Corp.](#) (TSXV: CSO) ("Corsa" or the "Company") announces that it has entered into a binding agreement with Quintana Kopper Glo Investment, LLC which, when the transactions contemplated are fully completed, will result in Corsa having raised a total of US\$40 million and acquiring Kopper Glo, a Tennessee based coal producer, from Quintana and Quintana having acquired a control position in Corsa.

Quintana Kopper Glo Investments, LLC, a portfolio company of Quintana Energy Partners L.P. and its affiliated investment funds (collectively, "Quintana") and Corsa have signed a binding agreement dated March 21, 2013 (the "Investment Agreement") pursuant to which (i) Corsa has completed a US\$10 million private placement cash financing by issuing a Cdn\$10.2 million convertible note ("Convertible Note") to Quintana convertible into Corsa common shares at Cdn\$0.17 a share for a total of approximately 60.2 million common shares, the proceeds of which will be used for working capital; (ii) Quintana has agreed to purchase common shares of Corsa at a price of Cdn\$0.17 per share (or an aggregate of approximately 176.5 million shares) for aggregate proceeds of US\$30 million (the "Share Subscription") the proceeds of which will be primarily used to repay the US\$25 million Sprott Facility; and (iii) Corsa has agreed to acquire all of the outstanding membership interests in Quintana Kopper Glo Investment LLC ("Kopper Glo") which operates coal mines near Clairfield, Tennessee, in exchange for approximately 130.2 million common shares of Corsa and approximately 222.7 million redeemable membership units of its US operating subsidiary redeemable for common shares of Corsa, (the "Kopper Glo Acquisition" and together with the Share Subscription, the "Transaction"). The deemed value of the common shares of Corsa to be issued or made issuable as consideration for Kopper Glo is approximately US\$60 million based on the Cdn\$0.17 share price. The Cdn\$0.17 purchase price per Corsa share represents a premium of 70 percent to the closing price of Corsa's shares on the TSX Venture Exchange on March 20, 2013 and a 44 percent premium to the 20 day volume weighted average price for the period ending March 20, 2013.

Don Charter, the President and CEO stated "We are delighted with the investment by Quintana and their belief in our assets and operating team. This is a major step forward for Corsa in its objective of establishing itself as a significant new US based supplier of metallurgical coal into the world market. With the new capital provided, reduction in debt, immediate cash flow and quality coal together with the involvement and support of Quintana with its experience and expertise in coal, Corsa is well positioned to continue with its sales and production growth and the development of its mining projects."

George Dethlefsen, Managing Director at Quintana stated "We have a very positive outlook on the low volatile metallurgical coal space and Corsa's high quality coal reserves and mine development strategy fit well within that thesis. Corsa and Kopper Glo together form a well-capitalized platform with exceptional management and operational teams. We believe that this transaction positions Corsa to execute on its long term growth plan to be a large producer of some of the highest quality coal in the world."

Corsa's board of directors received an opinion from BMO Capital Markets that the Transaction is fair, from a financial point of view, to Corsa and has unanimously approved the Transaction and recommends shareholders vote in favour of the Transaction. The Transaction has also been unanimously approved by the board of directors of Kopper Glo.

## Highlights of the Transaction:

- Immediate recapitalization provides Corsa with the ability to fund its financial obligations and continue its growth plans consistent with its expanding metallurgical coal sales
- Corsa will benefit from immediate cash flow from Kopper Glo which had cash flow from operating activities of US\$14.2 million (audited) for the year ended December 31, 2012 whilst positioning itself to capitalize on a recovery in global metallurgical coal markets

-- Kopper Glo's existing operations produce a low-cost, high BTU thermal coal product and are positioned to gain regional market share as higher cost Appalachian production is scaled back and has sales contracts in place for 2013 and 2014 production

-- Corsa's existing operations produce a high quality, low volatile metallurgical coal that is used by domestic and international steel manufacturers as a component in their coking coal blends with contracted sales for 2013 already at 266,000 tons in an improving met coal environment with significant production growth ahead with its Casselman mine and the Acosta Deep and Keyser projects

- Increased scale and broader asset base improves access to debt and equity markets to fund future growth plans

- Increased operational and management expertise

- High-quality sponsor with significant expertise and presence in the US coal sector and experienced management will add considerable value to the existing team

### **Convertible Note**

The Convertible Note is a three year unsecured subordinated Cdn\$10.2 million note convertible, in whole or in part, into common shares of Corsa at Cdn\$0.17 per share which if converted would represent approximately 17 percent of the currently issued and outstanding shares of Corsa. The note bears interest at 8 percent annually payable semi-annually and it, and any common shares issued upon its conversion, are, in accordance with Canadian securities laws, subject to a hold period that expires July 22, 2013. The note will be converted in conjunction with the closing of the Transaction. The use of proceeds from this financing is for working capital purposes. This note is subordinated to the Sprott Credit Facility which was advanced on June 22, 2012 and has covenants and restrictions consistent with those of the Sprott Credit Facility.

### **Transaction**

The Investment Agreement provides that Quintana will acquire from Corsa approximately 176.5 million common shares of Corsa for additional total proceeds of US\$30 million at a price of Cdn\$0.17 per share. The proceeds from the second tranche of the financing will be used to repay the US\$25 million debt owed to Sprott Lending and for growth capital. At the same time Corsa will acquire all of the outstanding shares of Kopper Glo for approximately 130.2 million common shares and approximately 222.7 redeemable membership units of a newly combined US operating subsidiary of Corsa, Wilson Creek Energy LLC, at an attributed price of Cdn \$0.17 per share. The redeemable units will represent a 25 percent minority interest in Wilson Creek and will be redeemable for common shares of Corsa on a one for one basis. The redeemable units of Wilson Creek will be redeemable at any time at the option of the holder. The Convertible Note will be converted into common shares of Corsa at the same time the Transaction is completed. As a result, on the final closing of the Transaction, Quintana will have approximately 366.9 million common shares, representing approximately 56 percent of Corsa and 222.7 redeemable membership units of Wilson Creek representing a 25 percent interest in Wilson Creek which, if fully redeemed would give Quintana approximately 589.6 million Corsa common shares or 67 percent of the outstanding shares of Corsa, and give Corsa a 100 percent ownership of Wilson Creek. All of Corsa's operations will be carried out directly and indirectly through Wilson Creek. The number of common shares and redeemable membership units to be issued set out in this press release assumes the US\$ and Canadian dollar are at par at closing. The exact number will be based on the Canadian dollar equivalent of the US\$ investment and purchase price determined at closing.

The Investment Agreement includes customary provisions, including non-solicitation, right to match, fiduciary-out and indemnity provisions. In addition, Corsa has agreed to pay a termination fee to Quintana of US\$2.0 million upon the occurrence of certain events. Corsa and Quintana have each agreed to reimburse the other for certain expenses upon the occurrence of certain termination events. Under the terms of the Transaction following closing, Quintana will have certain ongoing rights including the right to nominate a majority of the board while they hold over 50 per cent of the common shares (including redeemable units) and proportional representation if their holding is between 50 per cent and 10 per cent, pre-emptive rights on future share issuances as long as they hold at least 20 per cent and certain registration rights as long as they hold at least 10 percent.

Upon completion of the Transaction, Quintana will have five nominees of a board of eight. The Company will retain Corsa's name and remain headquartered in Toronto, Ontario. Mr. Charter's employment agreement provides that his employment terminates automatically on a change of control and requires that he continue to serve for a three month transition period. Details of the board composition and management will be contained in the disclosure documents prepared and filed in connection with the Transaction, including a

Filing Statement to be prepared in accordance with the requirements of the TSX Venture Exchange.

The Transaction will be subject to, among other things, the approval of the TSX Venture Exchange and the approval by Corsa shareholders via written shareholder consent or at a special meeting called to approve the Transaction. The directors of Corsa intend to recommend that Corsa shareholders vote in favour of the Transaction. Directors and officers of Corsa as well as its significant shareholder, two entities owned by a trust settled by the late Adolf H. Lundin, and certain other shareholders have entered into voting support agreements under which they have agreed to vote their Corsa shares in favour of the Transaction, which represent, in the aggregate, approximately 44 percent of Corsa's outstanding shares. If Corsa is unable to obtain written shareholder consent within the time period contemplated by the Investment Agreement, it is expected that a special meeting of Corsa's shareholders to approve the Transaction will be held in July 2013. The Transaction is targeted to close in July 2013.

BMO Capital Markets has been engaged to provide Corsa with financial advice and a fairness opinion and Corsa's legal advisor is Borden Ladner Gervais LLP. Quintana and Kopper Glo obtained legal advice from Stikeman Elliott LLP, Vinson & Elkins LLP and PennStuart and financial advice from Stifel, Nicolaus & Co.

Corsa shareholders and other interested parties are advised to read the materials relating to the proposed Transaction that will be filed by Corsa with securities regulatory authorities in Canada when they become available. A copy of the Investment Agreement will be filed with Canadian Securities Administrators and available free of charge on [www.sedar.com](http://www.sedar.com). The preparation of materials in connection with the Transaction requires the preparation of an NI 43-101 compliant technical report on Kopper Glo's material property and preparation of historical and pro forma financial statements in accordance with requirements of Canadian Securities Administrators.

## **Kopper Glo**

Kopper Glo is a private company formed in 2007 engaged in production and sale of high BTU, low and mid sulfur thermal coal used in power, industrial and specialty applications. It is headquartered in Knoxville, Tennessee. Kopper Glo is a non-union company currently producing from two contour surface mines and one deep mine. Its mines, preparation plant and refuse site are all located in close proximity providing for efficient operations. It had sales of 975,000 tons of coal in 2012 with an average cash cost of production (unaudited) of US\$56 per ton with EBITDA1 (unaudited) of US\$16.5 million and net income of US\$6.8 million (audited). As at December 31, 2012, the total assets of Kopper Glo were US\$57.7 million, its total liabilities were US\$26 million and the members' equity was US\$31.7 million. The total revenue of Kopper Glo for the year ended December 31, 2012 was US\$73.6 million (all amounts audited). It has increased its production consistently from approximately 500,000 tons in 2008 to its current levels and expects to grow sales to over 1 million tons in 2013. It has a good pipeline of projects for expansion. It has access to both the CSX and Norfolk Southern rail lines with its own load out and 350 ton per hour coal preparation plant. It has a current priced contract in place with a major utility for 750,000 tons a year for 2013 and 2014 production at pricing between US\$70 and US\$80 a ton.

Kopper Glo is majority owned by Quintana Energy Partners L.P. and its affiliated investment funds.

Keith Dyke, President of Kopper Glo, heads up a strong management and operational team with significant surface and underground mining experience and expertise.

## **Quintana**

Quintana Energy Partners, L.P. and its affiliated investment funds (the "Fund") were formed by Quintana Capital Group, L.P., a Cayman Islands exempted limited partnership, to make control-oriented equity investments across the oil and natural gas, coal and power industries. Corbin J. Robertson, Jr., a member of the Fund's investment committee and a resident of Texas, together with his three adult children, control the General Partner of Quintana Energy Partners, L.P. which directs the Fund's investment activities. In addition, they own over 23 billion tons of coal reserves in the United States, making them the largest private coal owner in the United States. Corbin J. Robertson, Jr. is also the CEO and Chairman of Natural Resource Partners, L.P., a publicly traded coal royalty company. Since 2006, the Fund and related private equity funds have invested in 27 transactions including six investments in coal-related businesses. The address of Quintana and the Fund is 601 Jefferson Street, Suite 3600, Houston, Texas.

The Fund is not currently a shareholder of Corsa and is not a "Non-Arm's Length Party" of Corsa (as defined under the policies of the TSX Venture Exchange).

A copy of the early warning report to be filed by Quintana will be available shortly under Corsa's profile at

www.sedar.com and further information can be obtained by contacting the Quintana representative below.

The securities described herein have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States unless registered thereunder or unless an exemption from registration is available.

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*1 Earnings before Interest Depreciation and Amortization, a non-GAAP measure.*

## **Information about Corsa**

Corsa's main operating subsidiaries are Wilson Creek Energy LLC and Maryland Energy Resources, LLC based in Somerset County, Pennsylvania. Its primary business is the mining, processing and selling of metallurgical coal, as well as actively exploring, acquiring and developing resource properties consistent with its coal business.

## **Caution**

*Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and disinterested Shareholder approval. The Transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the Filing Statement or Management Information Circular to be prepared in connection with the transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Corsa should be considered highly speculative.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release*

## **Forward-Looking Statements**

*Certain information set forth in this press release contains "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management's assessment of future plans and operations and are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "estimates", "expects", "anticipates", "believes", "projects", "plans", "outlook", "capacity" and similar expressions. In this press release references to the Company and Corsa include statements with respect to Kopper Glo. Financial information with respect to Kopper Glo are in accordance with US GAAP. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risk that the required approvals for the Transaction will not be obtained and that the Transaction will not be completed; risk that Corsa will not be cash flow positive following the Transaction; risks that the actual production or sales for the 2013 fiscal year will be less than projected production or sales for these periods; risk that long term coal sales contract will be terminated prior to end of term; risks that the prices for coal sales will be less than projected or expected; liabilities inherent in coal mine development and production including restarting idled mines; geological, mining and processing technical problems; inability to obtain required mine licenses, mine permits and regulatory approvals or renewals required in connection with the mining and processing of coal; risks that the Company's coal preparation plant will not operate at production capacity during the relevant period, unexpected changes in coal quality and specification; variations in the coal mine or coal preparation plant recovery rates; dependence on third party coal transportation systems; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; changes in the regulations with respect to the use, mining and processing of coal; changes in regulations on refuse disposal; the effects of competition and pricing pressures in the coal market; the oversupply of, or lack of demand for, coal; inability of management to secure coal sales or third party purchase contracts; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of coal products, including labour stoppages and severe weather conditions; the demand for and availability of rail, port and other*

*transportation services; the ability to purchase third party coal for processing and delivery under purchase agreements; and management's ability to anticipate and manage the foregoing factors and risks. The forward-looking statements and information contained in this press release are based on certain assumptions regarding, among other things, future prices for coal; future currency and exchange rates; the Company's ability to generate sufficient cash flow from operations and access capital markets to meet its future obligations; the regulatory framework representing royalties, taxes and environmental matters where the Company conducts business; coal production levels; and the Company's ability to retain qualified staff and equipment in a cost-efficient manner to meet its demand. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking statements. The Company does not undertake to update any of the forward-looking statements contained in this press release unless required by law. The statements as to the Company's capacity to produce coal are no assurance that it will achieve these levels of production or that it will be able to achieve these sales levels.*

*The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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