

# Forbes Coal Closes US\$6 Million Loan Facility

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TORONTO, ONTARIO--(Marketwired - Sep 4, 2013) - **Forbes & Manhattan Coal Corp. (TSX:FMC) (JSE:FMC)** has closed the secured US\$6 million convertible loan facility from Resource Capital Fund V L.P ("RCF") (the "**Transaction**"). The loan facility is to be used for general working capital in relation to Forbes Coal's operations and exploration properties in Dundee, South Africa. Subject to receipt of shareholder approval, the loan facility is convertible into common shares of Forbes Coal at a price of C\$0.36 per common share.

Prior to receipt of shareholder approval, the loan will bear interest at a rate of 10% per annum, payable on each calendar quarter. Upon receipt of shareholder approval, the interest rate will decrease to 8% per annum. If shareholder approval is not obtained, the interest rate of the loan will increase to 15% per annum and the maturity date will be accelerated to June 30, 2014.

If Forbes Coal receives the requisite shareholder approval, a total of US\$1,363,397 of interest will be payable under the loan and RCF will have the right to receive interest payments under the loan in common shares. Such common shares will be priced and issued based on the 20-day VWAP prior to the relevant interest payment date.

In connection with the Transaction, RCF will receive a 3% establishment fee payable in cash or, at the option of RCF, common shares, subject to shareholder approval. Any common shares issued in lieu of the establishment fee will be issued at a price of C\$0.36 per common share.

The issuance of common shares to RCF upon conversion of the loan, interest payments and for the establishment fee are subject to shareholder approval which will be sought at the upcoming annual and special meeting to be held on September 11, 2013, in preparation for which the Company has mailed an amended and restated management information circular to its shareholders. Pursuant to the policies of the TSX and Multilateral Instrument 61-101 ("**MI 61-101**"), RCF will not vote on the resolution approving the issuances of the common shares to RCF under the Transaction.

Provided that the loan is outstanding and RCF holds common shares or the right to acquire common shares equal to at least 15% of the issued and outstanding common shares of Forbes Coal, RCF has the right to participate in any future financings by Forbes Coal on a pro rata basis to its partially diluted shareholding.

In addition, provided that the loan is outstanding or if RCF holds common shares or the right to acquire common shares equal to at least 15% of the issued and outstanding common shares, RCF will have the right to nominate one individual to the board of directors.

Forbes Coal also continues to market its non-brokered private placement of common shares at a price of \$0.36 per common share for gross proceeds of up to \$2 million. RCF will not be participating in the private placement. However, if shareholder approval is received for the conversion feature of the loan, concurrent with the closing of the private placement of common shares, RCF will convert up to \$2 million of the loan into common shares at a price of \$0.36 per common share. The private placement is expected to close on or about September 18, 2013. The closing of the private placement remains subject to receipt of regulatory approval.

RCF currently owns 6,867,443 (19.97%) of the issued and outstanding common shares of Forbes Coal on a non-diluted basis. Assuming an exchange rate of C\$1.00 = US\$1.00 and a 20-day VWAP of C\$0.32 (being the 20 day VWAP as of August 9, 2013), if RCF converts the entire amount of the loan, receives the establishment fee in common shares, and receives all interest payments under the loan in common shares, RCF will be issued an aggregate of 21,427,284 common shares. Should other shareholders not elect to participate in the private placement, this would result in RCF holding an aggregate of 28,294,767 (50.1%) of

the issued and outstanding common shares of Forbes Coal.

### **About Forbes Coal**

Forbes Coal is a growing coal producer in southern Africa. It holds a majority interest in two operating mines through its 100% interest in Forbes Coal (Pty) Ltd., a South African company ("Forbes Coal Dundee") which has a 70% interest in Zinoju Coal (Pty) Ltd. ("Zinoju"). Zinoju holds a 100% interest in the Magdalena bituminous mine and the Avimore anthracite mine in South Africa (collectively, "the Forbes Coal Dundee Properties"). Forbes Coal has an experienced coal-focused management team.

### **Cautionary Notes:**

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the convertible loan facility with RCF and future financial or operating performance of Forbes Coal and its projects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Forbes Coal to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, foreign operations, political and social uncertainties; a history of operating losses; delay or failure to receive board or regulatory approvals; timing and availability of external financing on acceptable terms; not realizing on the potential benefits of the proposed transaction; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of mineral products; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and, delays in obtaining governmental approvals or required financing or in the completion of activities. Although Forbes Coal has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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