

Powertech Uranium Board Approves Premium Financing Facility With Azarga Resources

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[Powertech Uranium Corp.](#) (TSX:PWE) (FRANKFURT:P8A) ("Powertech" or the "Company") is pleased to announce that [Azarga Resources Limited](#) ("Azarga") has agreed to make available to the Company a loan facility (the "Facility") in the amount of US\$3.6 million (the "Loan Amount"). The Facility contains features providing for conversion into common shares of Powertech at a premium to the closing price on Friday, October 18, 2013.

The Facility follows Azarga's recent strategic investment in the Company where it purchased approximately 17.5% of the issued and outstanding common shares (each, a "Share") in the capital of the Company on an undiluted basis. In addition, Azarga purchased a convertible debenture (the "Initial Debenture") in the principal sum of US\$500,000, agreed to purchase a 60% interest in the Company's Centennial Project located in Weld County, Colorado, and also agreed to form certain strategic alliances with the Company. For more details on Azarga's prior transactions with the Company, please refer to the Company's press release dated August 1, 2013.

Concurrent with the closing of the Facility, the Company will convert the Initial Debenture into Shares of the Company at CDN\$0.07 per share, appoint a new director, change certain officers and proceed with closing its Vancouver office. Thomas Doyle and Greg Burnett will resign as directors and the Company will appoint Apolonius (Paul) Struijk, an Azarga nominee, as a director of the Company. Mr. Matthew O'Kane, another Azarga nominee, was previously elected as a director at the Company's recent Annual General and Special Meeting. The Company will also terminate the management agreements with Thomas Doyle and Greg Burnett. Effective upon termination of such agreements, Thomas Doyle has agreed to resign as Vice President Finance, Chief Financial Officer and Gregory Burnett has agreed to resign as Vice President Administration, Secretary. The Company will appoint Richard Clement as the Corporate Secretary and, on an interim basis, Adria Hutchison as the Chief Financial Officer.

Commenting on the new financing deal with Azarga, President and CEO Mr. Richard Clement stated, "We are very happy to strengthen even further our strategic alliance with Azarga. The provision of this financing facility provides the Company with the financial resources it requires to progress through the completion of the permitting process with confidence and clarity. In addition, the closure of the Vancouver office will reduce the operating costs of the Company and will assist us in achieving our goal of receiving the required operating permits at a lowest cost. Azarga has agreed to independently finance the corporate functions performed by the Vancouver office with no diminishment of relations with the Toronto Stock Exchange ("TSX") and shareholders."

Updating on the progress of the permitting process and hearings for the Dewey Burdock project Mr. Clement added, "The Company is making good progress in its permitting activities. The Nuclear Regulatory Commission ("NRC"), in November 2012, issued the draft Supplemental Environmental Impact Statement ("SEIS") that is to be followed by the final SEIS in November 2013. Once the final SEIS is complete, there is a 30-day public comment period, after which the operating license will be granted.

According to the NRC, the completion of the SEIS is on schedule (subject to the length of the federal government shutdown) and publication will follow sign-off by the various departments who have contributed to the development of the SEIS. During the review period by the NRC, the State of South Dakota Department of Environment and Natural Resources ("DENR") has reviewed the Company's application for state permits and has issued recommendations that the three major permits required for Dewey Burdock be granted. Hearings for these permits are underway and approvals are expected by the end of 2013 or in the first quarter of 2014. Also, the U.S. Environmental Protection Agency ("EPA") grants the final mining permits. These permits are expected to closely follow the State permits and the license that will be granted by the NRC."

The Facility provides for Azarga to make one or more advances of the Loan Amount to the Company (each, an "Advance") provided that: (a) there shall be only one Advance in any calendar month, (b) if Azarga and the Company cannot agree on the applicable amount of the Advance, the amount of the Advance will be US\$300,000, and (c) until such time as the Company has obtained disinterested shareholder approval for the Facility (and the conversion right thereunder) (the "Shareholder Approval"), the aggregate amount of Advances shall be limited to US\$2,450,000. On the closing date, Azarga will make an initial Advance of

US\$400,000 to the Company (the "Initial Advance"), and following the Initial Advance, the Company shall provide not less than five business days' prior written notice to Azarga of the amount of any subsequent Advance.

The Loan Amount matures two years after the date of the Initial Advance (the "Maturity Date") or on such earlier date as the principal amount of all Advances owing from time to time and all other amounts (collectively, the "Principal Amount") may become payable under the Loan Agreement, and may be repaid by the Company, in whole or in part, during the first 12 months following the Initial Advance, for an amount equal to 115% of the Principal Amount being repaid, and during the second 12 months, but on or before the Maturity Date, for an amount equal to 130% of the Principal Amount being repaid.

Subject to receipt of the Shareholder Approval and approval of the TSX, the Principal Amount may be converted into Shares as follows (each, a "Conversion"):

1. by Azarga, at its option and any time after the earlier of (i) the board of directors of the Company (the "Board") approving a transaction (other than this transaction) which would result in a change of control of the Company or Powertech (USA), Inc. ("Powertech USA"), (ii) a change of control of the Company or Powertech USA, and (iii) the occurrence of an event of default under the Loan Agreement that is not cured within any applicable grace periods;

2. by Azarga, at its option in whole or in part, at any time after the date that is nine months following the date of the Initial Advance;

3. by the Company, in whole or in part, at any time on or before the Maturity Date; and

4. automatically on the Maturity Date;

at a conversion price of CDN\$0.095 per Share (the "Conversion Price"), subject to adjustment as provided for in the Facility, or at such other higher price per Share as is provided in the Facility.

The amount of Shares to be issued if the Conversion is in the first 12 months after the Initial Advance will be equal to the number of Shares as determined by dividing the amount which is 115% of the outstanding Principal Amount by the Conversion Price, and if the conversion is in the second 12 months after the Initial Advance, will be equal to the number of Shares as determined by dividing the amount which is 130% of the outstanding Principal Amount by the Conversion Price. For the purposes of the Conversion, the Principal Amount shall be converted into Canadian dollars at the time of Conversion at an exchange rate of CDN\$1.03 per USD\$1.00 of Principal Amount.

The Company intends to call a meeting of its shareholders as soon as practicable to consider and vote on the approval of all Advances exceeding US\$2,450,000 under the Facility, the conversion right under the Facility and the premiums payable upon repayment or conversion of the Facility.

Azarga currently holds 24,650,000 Shares of the Company and 1,500,000 share purchase warrants (exercisable at CDN \$0.20 per share) representing approximately 17.5% of the currently outstanding voting Shares on an undiluted basis and 18.4% of the currently outstanding voting Shares on a partially diluted basis. Upon conversion of the Initial Debenture, a further 8,450,035 Shares will be issued increasing Azarga's ownership stake to 33,100,035 Shares representing 22.2%, on an undiluted basis, and 23.0% on a partially diluted basis.

Assuming the Facility is converted at a Conversion Price of CDN\$0.095 per Share within the first 12 months after the Initial Advance in accordance with its terms, approximately 44,886,316 new Shares would be issued to Azarga and Azarga would hold approximately 77,986,352 Shares representing 40.17% on an undiluted basis, and 40.63% on a partially diluted basis assuming exercise of the 1,500,000 warrants.

As part of the closing of the Facility, the Company has agreed to settle all amounts owing to Thomas Doyle in consideration of the issuance of 2,052,631 Shares and Greg Burnett in consideration of the issuance of 1,642,105 Shares both at the rate of CDN\$0.095 per share. Mr. Clement comments: "The Company wishes to take this opportunity to thank Messrs. Doyle and Burnett for their dedication and service to Powertech over these past eight years. Tom and Greg were instrumental in both the formation of the Company and acquiring financing that allowed us to reach the end of the permitting process. We wish them well in their future endeavors."

About Powertech Uranium Corp.

[Powertech Uranium Corp.](#) is a mineral exploration and development company that, through its Denver-based

subsidiary Powertech (USA), Inc., holds the Dewey-Burdock Uranium Deposit in South Dakota, the Centennial Project in Colorado and the Dewey Terrace and Aladdin Projects in Wyoming. The Company's key personnel have in-situ uranium experience throughout the United States, and worldwide. For more information, please visit www.powertechuranium.com.

POWERTECH URANIUM CORP.

Richard F. Clement Jr.
President & CEO

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this News Release.

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Facility, the Initial Debenture, issuance of shares for settlement of deferred compensation and severance payments, strategic alliance and property purchase. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future, and include statements regarding: (a) the repayment and conversion of the Facility, (b) the receipt of shareholder and TSX approval for the Facility and the conversion features associated with the Facility, (c) the future shareholdings of Azarga, (d) that the Facility will provide the financial resources required to complete the permitting process, (e) that the Company will receive all approvals and permits by the end of 2013 or the first quarter of 2014, (f) the conversion of the Initial Debenture, (g) the termination of Mr. Doyle and Mr. Burnett's consulting agreements and their resignations and directors and officers of the Company, and (h) the issuance of shares to Mr. Doyle and Mr. Burnett in settlement of the amounts payable to them on termination for deferred compensation and severance.

Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including: (1) the loan facility agreement whereby the Facility is made available is terminated, (2) the repayment or conversion of the Facility is not completed as planned, (3) shareholder, TSX or any other necessary approvals are not obtained for the conversion features of the Facility or the repayment premiums thereunder, (4) the conversion of the Initial Debenture is not completed as planned, (5) the issuance of shares to Mr. Doyle and Mr. Burnett on termination in settlement of deferred compensation and severance payments is not completed as planned, (6) the inherent uncertainties and speculative nature associated with uranium exploration, including the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents or other risks of the mining industry, (7) a decrease in the demand for and/or a decrease in the price of uranium, (8) an increase in the operating costs associated with the extraction and processing of the uranium, (9) any number of events or causes which may delay or cease exploration and development of the Company's property interests, such as environmental liabilities, weather, mechanical failures, safety concerns and labour problems, (10) the risk that the Company does not execute its business plan, (11) inability to retain key employees, (12) inability to finance operations and growth, (13) an extended downturn in general economic conditions in North America and internationally, (14) an increase in the number of competitors with larger resources, and (15) other factors beyond the Company's control.

No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. These forward-looking statements are made as of the date of this news release and the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Company's MD&A filed with Canadian security regulators at www.sedar.com.

Contact

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