

Oracle Mining Signs Indicative Term Sheet for \$10 Million Secured Convertible Loan

29.10.2013 | [Marketwired](#)

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Oct. 28, 2013) - [Oracle Mining Corp.](#) ("Oracle Mining" or the "Corporation") (TSX:OMN) (OTCQX:OMCCF)(FRANKFURT:OMC) is pleased to announce it has signed a non-binding indicative term sheet (the "Term Sheet") for a secured convertible loan facility for up to an aggregate principal of C\$10 million (the "Loan") with RichStone Mining Investment (Hong Kong) Limited ("RichStone").

RichStone is a wholly owned subsidiary of Shanghai RichStone Investment Group Limited, a company focused on investment in the exploration and development of base metals as well as oil and coal. Established in 1997, RichStone has 11 subsidiaries, plus area and administrative offices and research centres throughout China, employing nearly 1,000 people. RichStone currently holds 7,800,000 Common Shares in the Corporation, representing approximately 15.9% of the Common Shares outstanding.

The Loan for up to a maximum amount of C\$10.0 million would be advanced in two installments: The closing (the "First Closing") of the first tranche in the amount of C\$4.0 million (the "First Tranche") will be conditional on the satisfaction of usual and customary conditions precedent including, but not limited to completion of due diligence satisfactory to the Lender in its sole discretion, signing and delivering definitive transaction documents, obtaining all applicable consents and approvals, including the approval of the Toronto Stock Exchange (the "TSX"), and complying with all applicable laws. In accordance with the rules of the TSX, the earliest the First Closing may occur will be on or about November 5, 2013.

The advance of the second tranche of C\$6.0 million (the "Second Tranche") will be subject to RichStone being satisfied, in its sole and absolute discretion, of its due diligence review of the Corporation's business and the assets, prospects and contracts and arrangements relating to the business on or before December 31, 2013. RichStone will notify Oracle Mining in writing on or before December 31, 2013 or such date as the Corporation and RichStone shall mutually agree, if it intends, or not, to advance the Second Tranche to Oracle Mining (the "Second Closing").

Interest will accrue on the principal amount of the Loan at a rate equal to 12% per annum and be payable on a quarterly basis; provided that, if the Second Closing occurs, a lump sum amount of interest equal to C\$1.2 million less any interest paid to date, will be payable to RichStone on the date of the Second Closing and no further interest will be payable thereafter.

The Loan will mature at the one-year anniversary of the First Closing at which time the outstanding Loan Amount will become due (the "Maturity Date"). The Corporation will have the right to make early repayment of the principal amount and all interest accrued, but unpaid thereon ("Loan Amount") on 45 days prior written notice provided that early repayment may not occur within six (6) months of the First Closing.

The Loan Amount may, at the sole discretion of RichStone and at any time prior to the Maturity Date, be converted into Common Shares of the Corporation at the price of C\$0.37 per share (the "Conversion Price"). If, within 12 weeks of the First Closing, the Off-Take Agreement between the Corporation and MF2 Investment Company 1 LP dated November 21, 2012 has not been terminated nor revised to the satisfaction of the Lender, then notwithstanding the Conversion Price provided herein, the Lender will have the option to convert, on or before the Maturity Date, the First Tranche and all interest accrued, but unpaid thereon to Common Shares of the Corporation at the lower conversion price of: (i) C\$0.37 per share; and (ii) the market price calculated as the volume weighted average price for the Corporation's Common Shares for the five (5) trading days prior to the date of conversion; provided that, such market price will not be less than a minimum price of C\$0.30 per share.

The volume weighted average trading price of Oracle Mining's Common Shares for the five trading days ended October 28, 2013, the last trading day prior to the announcement of signing of the Term Sheet, was C\$0.35 and the Conversion Price is an approximate 17.5 per cent premium to such price as at such time. The minimum conversion price of C\$0.30 (First Tranche) is at an approximate discount of 5.0 per cent.

RichStone will be entitled to payment of an origination fee on the principal amount advanced (the

"Origination Fee"). A total of \$240,000 of the Origination Fee will be payable on the date of the First Closing and the remaining \$360,000 of the Origination Fee will be payable on the date of the Second Closing if it occurs.

In connection with the Loan transaction, RichStone will, subject to certain exceptions, be granted a pro rata right of first refusal to purchase (or provide) all future equity or equity-linked securities offered by the Corporation, based on its percentage interest of the Corporation reflecting the Loan Amount as being converted.

As security for the indebtedness, obligations and liabilities of the Corporation under the Loan, the Corporation will grant in favour of RichStone: (i) a general security agreement, which would provide for a security interest over all present and after-acquired personal property; and (ii) a pledge of equity interests with respect to all securities held by Oracle in the capital of 0830438 B.C. Ltd. ("Holdco"). The Loan will be guaranteed by all of the subsidiaries of the Corporation and further secured by a pledge of Holdco's equity interest in all membership interests in Oracle Ridge Mining LLC ("Oracle Ridge"), a deed of trust with respect to certain real property and mining rights (subject to the net smelter royalty in favour of MF2 Investment Company I LP) held by Oracle Ridge in Pima County, a security and assignment agreement with respect to all present and after-acquired personal property of Oracle Ridge and such other security as the Lender may reasonably require.

Oracle Mining will seek written consent of its shareholders to complete the Loan transaction under the rules of the TSX because the maximum number of Common Shares issuable to RichStone on the valid conversion of the Loan (assuming the First Closing and Second Closing are completed and RichStone exercises its option to convert all of the principal amount of the Loan and interest thereon into Common Shares) is 33,095,495 Common Shares representing approximately 67.5% of the current issued and outstanding Common Shares, which is in excess of 25% and Common Shares exceeding 10% of the current issued and outstanding may be issuable to RichStone, an insider of Oracle Mining, on conversion in a six month period. The Loan transaction may materially affect the control of the Corporation as, combined with the securities currently held by RichStone, RichStone could hold following completion of the Second Tranche and assuming all of the principal amount of the Loan and interest are converted into Common Shares, a maximum of approximately 40,895,495 Common Shares representing up to 49.8% of the issued and outstanding Common Shares. In addition, the Corporation is seeking shareholder approval of the Loan transaction as the interest and Origination Fee payable to RichStone, an insider of the Corporation, represents approximately 10.5 per cent of the market capitalization of the Corporation as of the last trading day before announcement hereof, October 28, 2013, which is in excess of 10% and the interest may be converted into Common Shares at a fixed Conversion Price. Further, the Conversion Price has been fixed, subject to the adjustment provisions as described herein, and the Second Closing, if any, would occur greater than 45 days following the announcement hereof and Common Shares may be issued on conversion of the Loan and interest thereon up to the Maturity Date. Common Shares held by RichStone and its associates and affiliates will be excluded from the shareholder vote.

Oracle Mining intends to use the net proceeds from the Loan towards its underground drill program, the completion of a Feasibility Study and NI 43-101-compliant reserve and resource study, for certain property payments and land transactions, permitting and other preliminary capital expenditures at the Corporation's Oracle Ridge copper project ("Oracle Ridge" or "Oracle Ridge Project"), located 24 km northeast of Tucson, AZ, and for working capital and general corporate purposes.

If the Corporation decides to not proceed with the Loan transaction and completes an alternative financing arrangement with a third party other than RichStone on or before December 20, 2013, a fee of \$250,000 will become due and payable to RichStone concurrently with the closing of such alternative financing.

Management and Board changes

Prior to the First Closing, the Corporation will have a signed employment contract with a Chief Executive Officer of Oracle Mining who is satisfactory to RichStone. In addition, prior to the First Closing, Paul Eagland will resign as Director and Chairman of the Corporation. In connection with such resignation, the Corporation and Mr. Eagland will also discontinue his consulting arrangement, whereby Mr. Eagland provides consulting services to the Corporation, in exchange for remuneration in the amount of C\$125,000 which will become payable to Mr. Eagland immediately following the First Closing.

For the past three years since Oracle Ridge was acquired by the Corporation, Mr. Eagland's role has been to engage the appropriate operating managers and board members as well as lead financing of Oracle Mining and Oracle Ridge.

"As a significant shareholder and former CEO, I am pleased that Oracle Mining has found support for the

Oracle Ridge Project from one of its key shareholders, RichStone," said Mr. Eagland. "I look forward to working with my fellow board members and shareholders to close the financing and move the Oracle Ridge Project forward."

Pursuant to the Loan transaction, RichStone will have the right to designate one additional individual to be nominated and if elected, to serve as a member of the Corporation's board of directors. As a condition precedent of the First Closing, the board of directors of the Corporation will appoint RichStone's nominee to hold office until the Corporation's next annual general meeting, subject to the acceptance of such nominee by the TSX.

Since acquiring the Oracle Ridge Project in September 2010, Oracle Mining has completed surface and underground drill programs, undertaken metallurgical, engineering and environmental studies, and secured a number of key permits that will be necessary to enable the Oracle Ridge Project to advance.

While the Oracle Ridge Project has a current Mineral Resource established, additional drilling will need to be undertaken with the goal of expanding and upgrading, if possible, the Mineral Resources. The Corporation has not made any production decision with respect to the Oracle Ridge Project. A decision to proceed with production at the Oracle Ridge Project will be based upon the results of the Feasibility Study demonstrating economic and technical viability.

This news release does not constitute an offer to sell or solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

About Oracle Mining Corp.

[Oracle Mining Corp.](#) (TSX:OMN) (OTCQX:OMCCF) (FRANKFURT:OMC) is a Vancouver, Canada-based corporation that is the sole owner and operator of Oracle Ridge Mining, LLC and the Oracle Ridge copper project located 24 km northeast of Tucson, Arizona. Oracle Mining is managed by an experienced team of mining professionals with extensive operating and financial experience.

Cautionary Note Regarding Forward-Looking Information

Information and statements contained in this news release that are not historical facts are "forward-looking information" within the meaning of Canadian securities legislation that involves risks and uncertainties. Forward-looking information included herein is made as of the date of this news release and Oracle Mining does not intend, and does not assume any obligation, to update forward-looking information unless required by applicable securities laws. Forward-looking information relates to future events or future performance and reflects management of the Corporation's expectations or beliefs regarding future events. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "intends", "anticipates" or "does not anticipate", "goal" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Examples of forward-looking information in this news release include, but are not limited to, statements with respect to: our plans to complete a Loan transaction; our ability to satisfy regulatory and legal requirements; the expected closing dates of the Loan transaction; the anticipated use of proceeds, our plans to work towards commencing and completing the Feasibility Study; our Mineral Resource estimate for the Oracle Ridge Project; our plans and expectations for the Oracle Ridge Project including our plans relating to completion of a further drilling program and further exploration and development of the Oracle Ridge Project; the timing or completion of any work on the Oracle Ridge Project, including timing of commencement and completion of our drilling program and the Feasibility Study; and our goal to expand the Mineral Resource estimate and upgrade Mineral Resources, if possible, to a higher Mineral Resource category. This forward-looking information is based, in part, on assumptions and factors that may change or prove to be incorrect, thus causing actual results, performance or achievements to be materially different from those expressed or implied by forward-looking information. Such factors and assumptions include, but are not limited to: our ability to obtain shareholder approval under the rules of the TSX; our ability to obtain and maintain timely receipt of regulatory approvals including approval of the TSX of the Loan transaction; our ability to satisfy conditions precedents for the Loan transaction; our assumptions regarding copper, base metal and precious metal prices; accuracy of Mineral Resource estimate and Mineral Resource modelling; accuracy of cut-off grade and assumptions underlying thereto, including projected copper prices and estimates of total operating costs; dilution allowance assumptions; success of future drilling programs; reliability of drilling, sampling and assay data; representativeness of mineralization;

accuracy of metallurgical test work; and our ability to comply with current and future environmental, safety and other regulatory requirements.

By its very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by forward-looking information. Such factors include, but are not limited to: the Corporation's ability to close any part of the proposed Loan transaction on terms and conditions deemed reasonable by the Corporation; the need to satisfy regulatory and legal requirements with respect to the Loan transaction; dilution to shareholders from any equity financings; the availability of capital on acceptable terms, or at all; influence of significant shareholders; risks relating to our estimates of Mineral Resources and cut-off grade and factors underlying, proving to be inaccurate; our dependence on the Oracle Ridge Project; risk that we are unable to enforce our legal rights under existing agreements, permits or licences or are subject to litigation or arbitration that has an adverse outcome; risk there are changes in project parameters as plans continue to be refined; risks related to the actual results of exploration and development activities; our historical experience with development-stage mining operations; changes in commodity prices, and particularly copper prices; receipt of necessary permits and licences; regulatory changes; risks related to the uncertainty of timing of events including delays in obtaining governmental approvals or financing or in the completion of project development studies; we are affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays, accidents, labour disputes and other risks inherent in the mining industry; availability of materials and equipment; lack of revenue and commercial production; increased indebtedness and events of default thereunder; competition for properties, capital, skilled personnel and resources; uninsured risks; defects in title; foreign operations; adequate infrastructure in the jurisdictions in which we operate; opposition to mining activities; fluctuations in currency exchange rate, as well as those factors discussed in the Corporation's annual information form dated April 1, 2013, for the year ended December 31, 2012, filed and available for review on SEDAR at www.sedar.com. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

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<https://www.rohstoff-welt.de/news/159285--Oracle-Mining-Signs-Indicative-Term-Sheet-for-10-Million-Secured-Convertible-Loan.html>

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