

Strateco Signs a Financial Agreement With Sentient

10.12.2013 | [Marketwired](#)

BOUCHERVILLE, QUEBEC--(Marketwired - Dec 10, 2013) - [Strateco Resources Inc.](#) ("Strateco" or the "Company") (TSX:RSC)(FRANKFURT:RF9) is pleased to announce that as part of its efforts to remedy its financial situation, it has signed a letter of agreement with an insider, The Sentient Group ("Sentient"), a private independent natural resource equity fund. The letter of agreement, which is subject to TSX approval, relates to a new \$3 million loan and amendments to a \$14,905,000 convertible note agreement dated January 2010 (the "Transaction"). The Transaction will allow Strateco to continue its activities and improve its difficult financial situation.

LOAN AGREEMENT

The loan agreement provides for Sentient Executive GP IV, Limited ("Sentient IV"), to grant Strateco a new \$3 million loan, to be disbursed as soon as Strateco repays the \$3,000,000 loan borrowed from Sentient IV on December 20, 2012, with accrued interest.

This new loan will be subject to the same 10% annual interest rate, payable quarterly in cash or by the issuance of common shares priced at the weighted average share price for the 20 trading days preceding the interest payment date, at Strateco's option. The loan is also secured by a first-ranking hypothec on all of Strateco's assets, and is repayable by Strateco at the end of a two-year term.

AMENDMENTS TO THE NOTE AGREEMENT

The letter of agreement also covers amendments to the \$14,905,000 convertible note agreement signed between Strateco and Sentient Executive GP III, Limited ("Sentient III") in January 2010 and maturing in February 2015.

The parties have agreed to postpone the maturity date of the convertible notes from February 2015 to February 2016. Sentient III has an option to extend the maturity one year at a time for a maximum of three additional years.

Strateco retains its right to force conversion of the notes into shares rather than repaying the notes in cash at the new note maturity date, at the amended price of the lower of the weighted average price of the shares traded on the TSX for the 20 days preceding the conversion date and \$0.25 per share.

Upon exercise of this option by Strateco, Sentient III will first have the option of extending the maturity date of the convertible notes by one year over a maximum period of three additional years.

In addition, Sentient III's option to convert some or all of the notes into common shares will be amended to postpone the right to exercise this option until after December 31, 2014. This option is also amended to allow the conversion of notes by Sentient III at the lower of the weighted average price of the shares traded on the TSX for the 20 days preceding the conversion date and \$0.25 per share. The convertible note agreement originally provided for a conversion price of \$0.95 per share.

The convertible note agreement will also be secured by a hypothec on all of Strateco's assets.

The Transaction for the new loan and amendments to the convertible note agreement is scheduled to close on or before December 24, 2013.

SECURITIES HELD BY SENTIENT BEFORE AND AFTER GIVING EFFECT TO THE TRANSACTION

Sentient III currently holds 2,689,474 common shares of Strateco, or 1.46% of the issued and outstanding shares of Strateco, and Sentient IV holds 23,504,767 common shares of Strateco, or 12.74% of the issued and outstanding shares. Sentient III also holds 14,905 convertible notes for an amount of \$14,905,000, which prior to the Transaction are convertible until February 27, 2015, at a price of \$0.95 per share, for 15,689,473 common shares. Sentient IV also holds 3,090,000 warrants exercisable at \$0.65 per share up until March 1, 2014, and 1,500,000 warrants exercisable at a price of \$0.24 per share up until June 19, 2015.

Sentient III and Sentient IV are related parties and may be regarded as acting jointly under certain securities laws.

Together, the Sentient limited partnerships hold a total of 26,194,241 common shares of Strateco, representing approximately 14.19% of the issued and outstanding shares of Strateco. In the event that Sentient IV exercises its 4,590,000 warrants and Sentient III's convertible notes are converted into 15,689,473 common shares prior to the transaction, Sentient would own approximately 22.69% of the diluted common shares of Strateco after giving effect to the exercise and conversion.

The scenarios shown in the following table reflect the exercise by Sentient III and Strateco of their respective options to convert all the convertible notes at either of the due dates specified in the letter of agreement, as well as the exercise by Strateco of its option to convert all quarterly interest payments on the loan into common shares, to determine the percentages that Sentient III, Sentient IV and Sentient would hold in the share capital of the Company at various market prices, before and after giving effect to the transaction:

Market price	\$0.02
The percentage represents the total number of shares that could potentially be issued to Sentient III under the Transaction, over the total number of Strateco shares issued and outstanding shares prior to the Transaction ⁽¹⁾	403.87 %
The percentage represents the total number of shares that could potentially be issued to Sentient IV under the Transaction, over the total number of Strateco shares issued and outstanding shares prior to the Transaction	16.26 %
Sentient III's holdings after giving effect to the Transaction, over the diluted number of shares after giving effect to the Transaction ⁽²⁾	77.93 %
Sentient IV's holdings after giving effect to the Transaction, over the diluted number of shares after giving effect to the Transaction ⁽³⁾	5.57 %
Total holdings of Sentient, including Sentient III and IV, after giving effect to the Transaction, over the diluted number of shares after giving effect to the Transaction	83.53 %

- (1) This scenario does not take into account that under the letter of agreement, the notes cannot be converted before December 31, 2014, and Strateco's option to convert the notes cannot be exercised until the new date of February 27, 2016.
- (2) Scenario of Sentient III's current holdings plus conversion by Sentient III or Strateco of all the notes into common shares at the maturity date, over the total diluted number of outstanding common shares of Strateco, assuming payment of the interest on the new Sentient IV in common shares at various volume weighted average prices per share on the TSX for the 20 trading days preceding conversion.
- (3) Scenario of Sentient IV's current holdings and Strateco's conversion into common shares of all interest payments on the new Sentient IV loan, over the total diluted number of outstanding common shares of Strateco, assuming full conversion of notes by Sentient III or Strateco at various scenarios of volume weighted average prices per share on the TSX for the 20 trading days preceding conversion.
- (4) Scenario based on Scenarios 2 and 3 above and the future conversion of warrants by Sentient IV at the exercise price of \$0.24 per share to calculate the number of shares outstanding and the holdings of Sentient III and Sentient IV at the price of \$0.25 per share.

EXEMPTION UNDER SECTION 604(e) OF THE TSX COMPANY MANUAL

This Transaction became necessary because of the Company's inability to use any other means of financing, mainly due to the delay (26 months) by the Quebec's Minister of sustainable development, the environment, wildlife and parks and his eventual refusal, on November 7, 2013, to issue the certificate of authorization for the construction of the uranium underground exploration ramp for the Matoush project, and the weak uranium market.

The Transaction will enable Strateco to continue its exploration activities, maintain the Matoush project, acquire uranium properties outside Québec and pursue legal proceedings for the issuance of the provincial certificate of authorization for the Matoush project.

The Transaction is subject to the specific requirements of Part V of the TSX Company Manual, which oblige Strateco to call a special meeting and obtain shareholder approval unless, as a listed issuer, the Company

obtains TSX exemption from such requirements under Article 604 e) of the TSX Company Manual, due to serious financial difficulties and the small window of opportunity available to the Company and its shareholders to benefit from the Transaction.

In addition, the letter of agreement provides for the price of the common shares issued in payment of the interest on the new \$3 million loan from Sentient IV and the conversion price of the notes convertible by Sentient III or at Strateco's request, depending on which option is exercised in the Transaction, to be based on the weighted average price of the shares traded during the 20 days preceding the date of payment of interest on the loan or conversion of the notes.

Under Article 607 of the TSX Company Manual, the issue and conversion price should be calculated on the basis of five trading days, and the price over 20 trading days provided for in the letter of agreement would therefore also require shareholder approval unless Strateco obtains the exemption under Section 604 (e) of the TSX Company Manual.

Moreover, due to the potential dilution resulting from conversion of the notes, by Sentient III or at Strateco's request, depending on the option exercised, the transaction could have an effect on control of Strateco for the benefit of Sentient, causing dilution in excess of (i) 10%, for an insider; or (ii) 25%, in connection with the Transaction, of the current number of issued and outstanding shares, being 184,528,497 common shares as of the date hereof. Under sections 604 (a) and 607 (g) of the TSX Company Manual, the TSX requires shareholder approval in both these situations unless Strateco obtains an exemption under Article 604 (e).

Strateco is relying on the exemption provided for in Section 604(e) of the TSX Company Manual. In accordance with the requirements of Section 604(e) and on the recommendation of an independent special committee, Strateco decided that it was experiencing serious financial difficulty and notified the TSX of its intention to rely on Section 604(e) of the TSX Company Manual, which enables Strateco to enter into the Transaction without first obtaining shareholder approval at a special meeting.

The independent special committee concluded that this Transaction could improve and stabilize Strateco's financial position and allow it to continue its mineral property exploration and acquisition activities, and deemed the Transaction reasonable under the circumstances.

In accordance with the requirements of this section of the TSX Company Manual, the TSX pre-approved this press release prior to its release, and may review the criteria for Strateco's listing on the TSX and ensure that they have been met.

MATERIAL CHANGE REPORT

Strateco will also rely on the exemption provided for in *Regulation 61-101 respecting protection of minority security holders in special transactions* because Sentient holds over 10% of the Company's outstanding share capital through several partnerships. Strateco will file a material change report on SEDAR while availing itself of this exemption prior to closing of the Transaction.

This news release contains "forward-looking statements" subject to certain risks and uncertainties. There can be no assurance that these statements will prove to be correct. Actual results and future events could differ significantly from those implied by such statements. These risks and uncertainties are discussed in Strateco's annual information form filed with the securities commissions of British Columbia, Alberta, Ontario and Quebec.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/162492--Strateco-Signs-a-Financial-Agreement-With-Sentient.html>

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