

Marengo Enters Into a New Financing With Its Major Shareholder

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TORONTO, ONTARIO -- (Marketwired - June 2, 2014) - [Marengo Mining Limited](#) ("Marengo" or the "Company") (TSX:MRN) (ASX:MMC) (POMSoX:MMC) is pleased to announce that the Company (together with its wholly-owned subsidiaries, Marengo Mining (PNG) Limited and Yandera Mining Company Limited, collectively, the "PNG Subsidiaries") has signed a loan conversion and debenture purchase agreement (the "Agreement") with its major shareholder, Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. (collectively, "Sentient").

Pursuant to the terms of the Agreement, the Company and Sentient have agreed to a transaction (the "Transaction") pursuant to which the Company will: (i) convert the unsecured interest-bearing debt facility with Sentient, in the aggregate principal amount of US\$3,000,000, dated April 29, 2014 and due on December 31, 2014, along with interest of US\$55,065 thereon into 9.0% senior unsecured convertible debentures of the Company in the principal amount of US\$3,055,065 (the "Loan Debentures"); and (ii) issue and sell to Sentient 9.0% senior unsecured convertible debentures of the Company up to a principal amount of US\$7,000,000 (the "Investment Debentures").

The Company will also pay to Sentient an establishment fee of 2% of the amount of Investment Debentures purchased by Sentient (the "Establishment Fee Debentures", and together with the Loan Debentures and the Investment Debentures, the "Debentures"). The Debentures will mature on June 30, 2016 (the "Maturity Date").

The aggregate principal amount of the Debentures will bear interest from and including the date of issuance at the rate of 9% per annum, payable in equal semi-annual instalments on April 30 and October 30 in each year, commencing October 30, 2014 until the Maturity Date. Interest payable on the Debentures may be paid by the Company through the issuance of additional debentures (the "Interest Debentures") which will be issued in substantially the same terms as the Debentures.

The Debentures and Interest Debentures will be convertible, at the option of Sentient, into common shares or Chess Depositary Interests ("CDIs") of the Company at a conversion price of CDN\$0.015 per common share or CDI. The conversion price of the Debentures and Interest Debentures will be adjusted in the event there is a reorganisation of capital or an issue of new common shares below the conversion price. The Debentures and Interest Debentures will be jointly issued by the Company and the PNG Subsidiaries and will be guaranteed by Marengo Mining (Australia) Limited and Yandera Mining Company (Holdings) Pty Limited (both wholly-owned subsidiaries of the Company).

Under the terms of the Transaction, the Company may issue debentures to unrelated third party investors, under the same terms as the Investment Debentures, up to a principal amount of US\$7,000,000 (the "Third Party Debentures"). The Company and Sentient have agreed that if any Third Party Debentures are issued, the principal amount of Investment Debentures to be purchased by Sentient shall be reduced by the principal amount of any Third Party Debentures sold by the Company.

Sentient and its related entities currently hold approximately 22% of the issued and outstanding common shares of the Company and would hold approximately 80% of the common shares of the Company, assuming the conversion of all the Debentures issued in connection with the Transaction (including the Interest Debentures issued to pay interest payments on the Debentures) and the purchase by Sentient of the entire principal amount of US\$7,000,000 of Investment Debentures, as well as the conversion by Sentient of all debentures issued and issuable under the prior debentures financing between the Company and Sentient completed earlier this year.

Prior to agreeing to the Transaction, the Board of Directors of the Company received a fairness and valuation opinion in relation to the Transaction from GMP Securities L.P.

The Transaction is subject to approval of the shareholders of Marengo, the Toronto Stock Exchange ("TSX") and the Australian Securities Exchange ("ASX"). The Company is currently preparing a notice of meeting to

seek shareholder approval for the issuance of the Debentures and expects to mail meeting materials to shareholders as soon as practicable.

The Company expects to use the funds obtained from the Transaction for the development of the Yandera Project, including ongoing exploration and feasibility study work, to fund its working capital requirements and for general corporate purposes.

Assuming they fulfil certain conditions precedent, including receipt of shareholder and TSX and ASX approvals, Sentient and Marengo plan to complete the issuance of the Debentures on or about July 11, 2014.

Cautionary Statement Regarding Forward-Looking Information

This news release contains forward looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or to be achieved and any other similar expressions. In providing the forward-looking information in this news release, the Company has made numerous assumptions regarding: (i) the accuracy of exploration results received to date; (ii) anticipated costs and expenses; (iii) that the results of the feasibility study continue to be positive; and (iv) that future exploration results are as anticipated. Management believes that these assumptions are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking information, a change in the expected use of proceeds of the Transaction. Some of these risks, uncertainties and other factors are described under the heading "Risks Factors" in the Company's annual information form available on the SEDAR website. Forward-looking information is based on estimates and opinions of management at the date the statements are made. Except as required by law, Marengo does not undertake any obligation to update forward-looking information even if circumstances or management's estimates or opinions should change. Readers should not place undue reliance on forward-looking information.

COMPANY NO. 822513-3 / ARBN: 161 356 930
MARENGO MINING (AUSTRALIA) LIMITED (ABN: 57 099 496 474)
YANDERA MINING COMPANY LIMITED (COMPANY NO. 1-53202)
MARENGO MINING (PNG) LIMITED (COMPANY NO. 1-76844)

Contact

[Marengo Mining Limited](#)
Pieter Britz, President & CEO
+1 416 8442377
marengo@marengominig.com

Marengo Mining Limited
Dean Richardson, Corporate Secretary and VP-Investor Relations
+1 647 3282449
deanr@marengominig.com
www.marengominig.com

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