

Stonegate Agricom Announces Non-Brokered Private Placement

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TORONTO, Dec. 23, 2016 - [Stonegate Agricom Ltd.](#) ("Stonegate" or the "Company") (TSX: ST) is pleased to announce a non-brokered private placement (the "Private Placement") to Milfam II L.P. ("M2"), which is an insider of the Company, and Alimco Financial Corp. and Lloyd I. Miller A-4 Irrevocable Trust, each of which is related to M2, of 100,000,000 units ("Units") at an offering price of CAD\$0.02 per Unit. Each Unit will consist of (i) one common share in the capital of the Company; and (ii) one common share purchase warrant (each, a "PP Warrant") entitling the holder thereof to purchase one common share in the capital of the Company (each, a "Warrant Share") at a price of CAD\$0.03 per Warrant Share at any time prior to 5:00 p.m. (Toronto time) on the date which is two (2) years from the closing date of the Private Placement. The price of CAD\$0.02 per Unit is equal to the current market price (as such term is defined in the TSX Company Manual (the "Manual")) of the Stonegate common shares. Currently, Stonegate has 424,172,704 common shares issued and outstanding. Assuming the full Private Placement is completed, the maximum number of common shares issuable by the Company (assuming full exercise of the PP Warrants) is 200,000,000 common shares, representing a 47.15% dilution to the current issued and outstanding common shares of the Company on a pre-Private Placement basis.

The net proceeds of the Private Placement shall be used primarily to redeem the Company's senior secured convertible promissory note (the "Note") held by M2. The balance of the proceeds will be used for permitting costs and land payments at the Company's Paris Hills Project and working capital purposes. It is anticipated that the Company will require additional financing in the first quarter of 2017 or will need to reduce expenditures.

Closing of the Private Placement is subject to receipt of all necessary corporate and regulatory approvals, including the approval of the Toronto Stock Exchange ("TSX"). In this regard, the Private Placement could result in the issuance of Shares to the subscribers in excess of 25% of the number of currently issued and outstanding common shares (assuming exercise of the PP Warrants) and would materially affect control of the Company. The Private Placement would also result in the issuance of a number of Shares to an insider which is greater than 10% of the currently issued and outstanding common shares of the Company.

Closing of the Private Placement is anticipated to occur on or about January 6, 2016.

Mr. Lloyd I. Miller, III ("Miller") is the managing member of the general partner of M2 and Lloyd I. Miller Trust A-4. He also is a controlling shareholder of Alimco Financial Corporation, also known as Alliance Semiconductor Corporation. Miller currently beneficially owns, or controls or directs, directly or indirectly 18,789,834 common shares, representing 4.4% of the issued and outstanding common shares of the Company (on an undiluted basis) as of the date hereof. In addition, Miller also beneficially owns, or controls or directs, directly or indirectly warrants exercisable for 4,000,000 common shares at a price of CAD\$0.02 per share (the "Existing Warrants"). Upon completion of the Private Placement, Miller would beneficially own, or control or direct, directly or indirectly 118,789,834 common shares, the Existing Warrants and the PP Warrants, representing 22.7% of the issued and outstanding common shares of the Company (on an undiluted basis) and 35.5% of the issued and outstanding common shares of the Company (on a partially diluted basis).

As Miller is an insider of the Company, the Private Placement constitutes a related party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Investments (MI 61-101) and the Company would ordinarily be required to obtain shareholder approval on a disinterested basis pursuant to Sections 604(a) – (transactions which materially affect control of the issuer) and 607(g)(i) (issuance of listed securities resulting in greater than 25% dilution) and (ii) (issuance of listed securities greater than 10% to insiders) of the Manual.

The Company is in serious financial difficulty as a result of the low phosphate price and the corresponding inability of the Company to secure sufficient third-party financing over the last 24 months in the current difficult market conditions. Given the situation, the Company has immediate capital needs and cannot fund its current obligations necessary in order to comply with the terms of the Note and continue permitting work and maintain its Paris Hills Project in good standing.

Pursuant to Section 604(e) of the Manual, the Company has applied for an exemption from the shareholder

approval requirements of the TSX, on the basis of financial hardship, given that the Company is in serious financial difficulty with limited alternatives and the immediacy of the Company's need to address its financial obligations through the Private Placement does not afford it sufficient time to hold a special shareholders meeting. If granted, the Company will avail itself of the shareholder approval exemption.

The Company expects that, as a consequence of its financial hardship application, the TSX will place Stonegate under remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. No assurance can be provided as to the outcome of such review and therefore, continued qualification for listing on the TSX.

The Company is also relying on the formal valuation exemption in section 5.5(a) of MI 61-101 and the minority approval exemption in section 5.7(a) of MI 61-101 pursuant to Subsection 5.7(1)(e) of MI 61-101 based on the board of directors of the Company, acting in good faith, having determined, and at least two-thirds of the Company's independent directors, acting in good faith, having determined that the Company is in serious financial difficulty with limited alternatives, that the Private Placement is designed to improve the Company's financial position, that the terms of the Private Placement are reasonable in the Company's circumstances, that the immediacy of the Company's need for financing through the Private Placement does not afford it sufficient time to hold a special shareholders meeting, and that the Private Placement is fair to, and in the best interests of, the shareholders of the Company.

Mr. Brian Zatarain, a director of the Company and Chief Financial Officer and Corporate Secretary of Itafos (formerly known as [MBAC Fertilizer Corp.](#)), is a related party and, as such, declared his interest to the board of directors of the Company in connection with the Private Placement, abstained from voting and recused himself from the portion of the meeting relating to the Private Placement. The remaining directors, free from any interest in the transaction and unrelated to the parties involved in the transaction, reviewed the Private Placement and concluded that it is in the best interests of the Company.

The Company did not file a material change report at least 21 days prior to the anticipated date of completion of the Private Placement due to the Company's determination that it is in the best interests of the Company to avail itself of the proceeds and complete the Private Placement in an expeditious manner.

The Shares will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

The Shares have not been and will not be registered under the United States Securities Act of 1993, as amended (the U.S. Securities Act), or any state securities laws and may not be offered or sold unless an exemption from registration is available. The Shares will be issued on a private placement basis pursuant to an exemption from registration provided by Regulation D under the U.S. Securities Act.

About Stonegate Agricom Ltd.

Stonegate Agricom, which is engaged in acquiring and developing agricultural nutrient projects, is currently focused on the development of the Paris Hills Phosphate Project located in Idaho. The Company believes that the deposit has sufficient size and grade to become a strategic, cost-effective source of phosphate supply for major fertilizer producers. More information is available at www.stonegateagricom.com.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable law, including the forward looking information relating to completion of additional financing. Generally, forward-looking statements and 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", "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". All forward-looking statements and forward-looking information are based on reasonable assumptions that have been made by the Company as at the date of such information. Forward-looking statements and forward-looking information are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements and forward-looking information, including but not limited to: risks relating to having a significant shareholder, uncertainty of closing this Private Placement and of additional capital and the Company's ability to continue as a going concern, dilution to the common shares, currency fluctuations, uncertainty regarding the timing of receipt of required permits, as well as those factors discussed in the section entitled "Risk Factors" in the Company's most recently filed annual information form available at

www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements and 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 or information. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. The forward-looking statements and forward-looking information contained in this news release are included for the purpose of providing investors with information to assist them in understanding the Company's expected financial and operational performance and may not be appropriate for other purposes. Stonegate does not undertake to update any forward-looking statement or forward-looking information that is included herein, except in accordance with applicable securities laws.

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