

# KWG Resources Inc: Convertible Debenture Placement

14.12.2017 | [Newsfile](#)

Toronto, December 14, 2017 - [KWG Resources Inc.](#) (CSE: KWG) (CSE: KWG.A) (FSE: KW6) ("KWG") has received listing approval from the Canadian Securities Exchange to complete a proposed private placement (the "Private Placement") of up to \$2,580,000 of debentures convertible at the option of KWG into units with a deemed value of \$21 per unit (each a "Unit"). Each subscriber will receive an option to acquire an equal amount of additional debentures at any time within 120 days from closing.

Each Unit will be comprised of four KWG.A multiple voting shares and four multiple voting share purchase warrants with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of \$7.50 at any time within two years from the date of the debenture's issue. The debentures will bear interest at a rate of 12% per annum, accruing daily, compounding annually and payable at the earlier of maturity, redemption or conversion, in KWG.A multiple voting shares from treasury at their volume-weighted average price ("VWAP") for the ten trading days prior to payment. The debentures will secure repayment of the principal, plus interest earned thereon to the date of payment, plus a premium of 20% of the original principal amount payable immediately following issuance of the debenture by the issuance of Units with a deemed value of \$21 per Unit. At any time and from time to time, KWG will have the right to redeem the debenture in whole or in part by payment in cash, or convert the debentures in whole or in part into Units.

The following officers and directors of the Corporation (collectively, the "Insiders") are expected to participate in the Private Placement for an aggregate of \$511,725 of debentures plus 4,873 Units representing a premium of 20% of the original principal amount, with the Units being comprised of an aggregate of 19,492 multiple voting shares and 19,492 warrants representing the equivalent of 1.08% of the Corporation's issued and outstanding subordinate voting shares (calculated on the basis of conversion of the multiple voting shares into subordinate voting shares on a ratio of 300:1) on a partly diluted basis following closing of the Private Placement:

Name and Position with the Corporation	No. of Subordinate Voting Shares held (and %) prior to Private Placement	No. of Units to be Placed
Frank Smeenk Director and Officer	16,183,446 (1.54%)	
Douglass Flett Director	5,325,000 (0.50%)	
Thomas Masters Officer	6,473,571 (0.61%)	
Bruce Hodgman Officer	2,447,462 (0.23%)	
Maurice Lavigne Officer	15,669,846 (1.49%)	
<b>Total:</b>	<b>46,099,325 (4.40%)</b>	

In the event that KWG exercises its right to convert the principal of all of these debentures, the Insiders' ownership of KWG shares would increase as follows:

Name and Position with the Corporation	No. of Subordinate Voting Shares held (and % ) following completion of Private Placement	No. of Units to be Placed
Frank Smeenk Director and Officer	18,753,846 (1.74%)	
Douglass Flett Director	5,685,000 (0.52%)	
Thomas Masters Officer	7,054,371 (0.65%)	

Bruce Hodgman Officer	3,067,862 (0.28%)
Maurice Lavigne Officer	17,383,446 (1.61%)
Total:	51,944,525 (4.82%)

The foregoing does not include any consideration of shares issuable for interest as the exchange rate cannot be calculated at this time as the amount of interest will depend on the length of time the debentures are outstanding and the number issuable is based on the VWAP for 10 trading days prior to conversion. As well, the foregoing does not include any consideration of the options to acquire additional debentures; however, if all such options are exercised the same numbers of shares and warrants would be issuable for the debenture premium and the conversion of the principal would result in the same number of shares and warrants being issued.

The cash proceeds received by the Corporation from the sale of the debentures will be used for the costs and fees associated with this Private Placement and for general corporate overhead expenses including repaying current debt. The working capital deficiency and balance sheet of the Corporation will be improved, which should facilitate future financings or other transactions.

All of the securities to be issued pursuant to this Private Placement will be subject to a four (4) month hold period.

The Private Placement, in part, will be a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") as Insiders are purchasing debentures. A formal valuation is not required under MI 61-101 because the Corporation is not listed on any of the stock exchanges specified in MI 61-101. Minority shareholder approval is also not required as the fair market value of the consideration for the transaction involving the Insiders does not exceed 25 percent of the Corporation's capitalization as of the date hereof which is approximately \$21 million.

The directors participating to the Private Placement declared and disclosed their interest and did not vote on the matter. The directors who are not participating in the Private Placement approved the Private Placement.

Given the uncertainty as to whether Insiders would participate in the Private Placement, and to what extent, and the demands of creditors, the Corporation has not had the opportunity to announce this related party transaction 21 days in advance of closing. Closing is anticipated to occur on or about December 15, 2017.

About KWG:

KWG is the Operator of the Black Horse Joint Venture after acquiring a vested 50% interest through [Bold Ventures Inc.](#) which is carried for 10% (20% of KWG's equity in the JV) by KWG funding all exploration expenditures. KWG also owns 100% of CCC which has staked claims and conducted a surveying and soil testing program, originally for the engineering and construction of a railroad to the Ring of Fire from Aroland, Ontario. KWG subsequently acquired intellectual property interests, including a method for the direct reduction of chromite to metalized iron and chrome using natural gas. KWG subsidiary Muketi Metallurgical LP is prosecuting two chromite-refining patent applications in Canada, India, Indonesia, Japan, Kazakhstan, South Africa, South Korea, Turkey, and USA. The national phase filings are under review in each of those jurisdictions.

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Forward-Looking Statements: Information set forth in this news release may involve forward-looking statements under applicable securities laws. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and KWG disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise,

except as expressly required by applicable securities legislation. Although management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. This news release does not constitute an offer to sell or solicitation of an offer to buy any securities that may be described herein and accordingly undue reliance should not be put on such. Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this news release.

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