

# Kerr Mines Closes Oversubscribed Private Placement and Convertible Note Financing From Sprott Lending

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TORONTO, Nov. 28, 2018 - [Kerr Mines Inc.](#) (TSX: KER, OTC: KERMF, FRA: 7AZ1) (“Kerr” or the “Company”) announces that it has closed a non-brokered private placement raising gross proceeds of \$2,973,517 (the “Offering”). The Offering, previously announced on November 9, 2018, targeted proceeds of \$2.5 million, which was oversubscribed. Furthermore, the Company has closed the US\$2 million (CDN \$2.7 million) senior secured convertible note financing with Sprott Private Resource Lending (Collector) LP previously announced on November 6, 2018 (the “Note”). The proceeds of the financing shall be utilized to commence a resource expansion program, complete permit modifications and conclude metallurgical test-work along with general and corporate working capital.

“We have taken another very important step forward in the execution of our strategy and development plans for the Copperstone Mine. This financing will allow the Company to commence a resource expansion program and complete key elements of progressing the Copperstone Mine back into production,” stated Claudio Ciavarella, Kerr’s Chief Executive Officer. “As a show of confidence in the extensive work that our team has achieved to date and the belief in our project, the entire Board and our VP Projects have participated in this financing,” concluded Ciavarella.

## Private Placement

The Company completed the Offering consisting of 21,239,409 units of the Company (the “Units”) at a price of CDN\$0.14 per Unit for total gross proceeds of CDN\$2,973,517. Each Unit consists of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase one Common Share at a price of CDN\$0.21 per Common Share until November 27, 2020 provided that if, at any time the Common Shares trade on a stock exchange at a volume weighted average trading price of CDN\$0.30, or greater, per Common Share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. In connection with the Offering the Company did not incur any finders fees. All securities issued pursuant to the Offering shall be subject to a hold period of four months from the date of closing.

Insiders of the Company subscribed for the following Units under the Offering,

Insider	Number of Units
Fahad Al Tamimi, Chairman of the Board	3,571,429
Claudio Ciavarella, CEO	2,142,860
Martin Kostuik, President	376,728
Peter Damouni, Director	428,571
James McVicar, Director	178,571
Ayman Arekat, Director	100,000
Dave Thomas, VP Projects	48,285
Total	6,846,444

The issuance and sale of Units under the Offering to insiders of the Company constituted related party transactions within the meaning of Multilateral Instrument 61-101 (“MI 61-101”). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by each insider does not exceed 25% of the market capitalization of the Company, as determined in

accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

#### The Note

The US\$2 million (CDN\$2.7 million) Note, Phase 1 of the Sprott project financing facility, will bear interest at a rate of 9% per annum payable semi-annually and matures on May 31, 2020. The Note is convertible into Common Shares at any time prior to maturity at a conversion price of CDN\$0.16 per share. The Company can redeem the Note at any time by paying the outstanding principal amount in cash, or with the agreement of the holder, in Common Shares of the Company, together with interest payable to maturity.

In connection with the Note, the Company issued to Sprott one million common share purchase warrants (the "Sprott Warrants"). Each Sprott Warrant entitles the holder to purchase one Common Share at a price of CDN\$0.15 until November 27, 2021. The expiry of the Sprott Warrants can be accelerated at the Company's election if the trading price of the common shares is higher than 2.5 times the exercise price for 30 consecutive trading days.

#### About Kerr Mines Inc.

Kerr Mines is an Emerging American Gold Producer currently advancing the 100% owned, fully permitted past-producing Copperstone Mine project to production. Copperstone is a high-grade gold project located along a detachment fault mineral belt in mining-friendly Arizona. This gold project in Arizona demonstrates tremendous exploration potential targeting multi-million ounce prospects within a 4,775 hectare (11,800 acres) land package.

#### About Sprott Inc.

Sprott is an alternative asset manager and a global leader in precious metal and real asset investments. Through its subsidiaries in Canada, the US and Asia, the company is dedicated to providing investors with best-in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. The company also operates Merchant Banking and Brokerage businesses in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad and Vancouver and its common shares are listed on the Toronto Stock Exchange under the symbol (TSX:SII). For more information, please visit [www.sprottinc.com](http://www.sprottinc.com).

PDF Version of 43-101 technical report available:

[http://kerrmines.com/wp-content/uploads/KerrCopperstone\\_PFS\\_43-101.pdf](http://kerrmines.com/wp-content/uploads/KerrCopperstone_PFS_43-101.pdf)

YouTube: Copperstone Gold Mine KER:TSX 3 min. Investor Tour Video

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#### Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements, including current expectations on the timing of the commencement of production and the rate of production, if commenced. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, the strength of the Canadian economy; the price of gold; operational, funding, and liquidity risks; the degree to which mineral resource estimates are reflective of actual mineral resources; and the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations. Risks and uncertainties about Kerr Mines' business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com) and readers are urged to read these materials. Kerr Mines assumes no obligation to update any forward-looking statement or to update the

reasons why actual results could differ from such statements unless required by law. Neither TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release and no stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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