

Premier Enters into Credit Facility and Financing Package

25.01.2019 | [CNW](#)

THUNDER BAY, Jan. 25, 2019 - [Premier Gold Mines Ltd.](#) (PG: TSX) ("Premier" or the "Company") is pleased to announce the signing of a definitive credit agreement (the "Credit Agreement") with Investec Bank plc ("Investec"), as administrative agent for the lenders for a US\$50 million secured revolving term credit facility (the "Investec Credit Facility"). Premier is also pleased to announce financing arrangements with OMF Fund II SO Ltd. and Orion Mine Finance Fund II LP (collectively, "Orion") for aggregate gross proceeds of approximately US\$18.2 million. Details of the terms of the Investec Credit Facility and the Orion financing arrangements are described below.

Steve Filipovic, Chief Financial Officer, commented, "With two new mining operations currently under construction, and an underground program planned for Cove during the second half of this year, this facility complements the Company's strong balance sheet and positions Premier to execute its aggressive growth plan".

Investec Credit Facility

The Investec Credit Facility matures in four years and will be used for working capital requirements and general corporate purposes. Amounts borrowed under the Investec Credit Facility will bear interest at a variable rate per annum equal to LIBOR plus an applicable rate as determined by the Company's debt to adjusted EBITDA ratio for the immediately preceding fiscal quarter ranging from 3.00% to 4.30%. The Investec Credit Facility is secured by the assets relating to the South Arturo mine in Elko County, Nevada, U.S.A. ("South Arturo Mine"), and the Mercedes mine near Hermosillo, Sonora, Mexico ("Mercedes Mine").

In connection with the entering into of the Investec Credit Facility, Premier issued to Investec 216,446 common shares ("Common Shares") in the capital of Premier and 1,500,000 common share purchase warrants ("Investec Warrants") of Premier, with each Investec Warrant exercisable into one Common Share until January 24, 2022 at an exercise price of C\$2.17. The Common Shares and Investec Warrants are subject to a four-month plus one day hold period pursuant to applicable Canadian securities laws.

Funding under the Investec Credit Facility is subject to customary conditions precedent.

Orion Financing Arrangements

Premier and Orion Mine Finance Fund II LP have entered into a subscription agreement pursuant to which Orion has agreed to subscribe for 7 million Common Shares (the "Private Placement") for aggregate gross proceeds of C\$11,056,500 or approximately C\$1.58 per Common Share. In connection with the Private Placement, Premier will also issue 2,000,000 Common Share purchase warrants to Orion ("Orion Warrants"). Each Orion Warrant will be exercisable into one Common Share for a period of three (3) years from the date of issuance and will have an exercise price equal to C\$2.05. The closing of the Orion financing arrangements is subject to customary closing conditions, and the following:

- the execution of an amended and restated silver stream agreement (the "A&R Silver Stream Agreement"), amending and restating the original agreement that was entered into on September 30, 2016, pursuant to which:

- Orion will pay an additional deposit of US\$10 million to a wholly owned subsidiary of Premier which will deliver to Orion 100% of the silver production from the Mercedes Mine and 100% of the silver production from the South Arturo Mine attributable to Premier until the delivery of 3.75 million ounces of silver (including deliveries previously made to Orion), after which the delivery will be reduced to 30% of the silver production from the Mercedes Mine and the South Arturo Mine;
- Premier is required to deliver at least 300,000 ounces of refined silver in each calendar year to Orion until 2.1 million ounces of refined silver in aggregate have been delivered to Orion after the date hereof;
- Orion will continue to pay an ongoing cash purchase price equal to 20% of the prevailing silver price; and
- Orion will have security over the assets relating to the South Arturo Mine.

- the execution of an amended and restated offtake agreement (the "A&R Offtake Agreement"), amending and restating Premier's existing offtake agreement with Orion, to increase the annual gold sale quantity to 60,000 ounces of gold, subject to an annual aggregate maximum of 40,000 ounces of gold from each of (i) all of Premier's producing projects (other than the Mercedes Mine) and (ii) the Mercedes Mine; and
- the execution of an amended and restated gold prepay credit agreement (the "A&R Gold Prepay Agreement"), amending and restating the original agreement that was entered into on September 30, 2016, providing security to Orion over the assets relating to the South Arturo Mine and providing Orion's consent to security changes at the Mercedes Mine to facilitate the Investec Credit Facility.

Following completion of the Private Placement, it is anticipated that Orion will hold approximately 12.40% of the total issued and outstanding shares of Premier (on a partially diluted basis), resulting in Orion becoming an "insider" of Premier, as such term is defined in the Securities Act (Ontario).

The proceeds of the Private Placement and the additional deposit payable pursuant to the A&R Silver Stream Agreement will be used for the development, construction and working capital requirements for the South Arturo Mine.

Premier Gold Mines Limited is a gold-producer with a respected exploration and development pipeline of precious metal projects in proven, accessible and safe mining jurisdictions in Canada, the United States, and Mexico.

Investec Bank plc is an international specialist bank and asset manager providing a diverse range of financial products and services. Investec's Global Resources team offers a full service, tailored offering and is active in precious and base metals, minerals, oil and gas in both emerging and developed markets. Investec has extensive experience in arranging and providing financing for resource companies throughout North America and globally, supporting growth, acquisitions and working capital.

For further details about Investec refer to:

https://www.investec.com/en_gb/corporate-finance/specialist-lending/resources.html

Orion Mine Finance is a mining-focused investment business specializing in providing flexible capital investment solutions to mining companies in the base and precious metals sectors. Orion has demonstrated capability in debt, equity, convertibles, offtake, streaming, and royalty investments. In addition, the Orion team has experience in the physical metals markets, such as facilitating the purchase, metal financing, transporting, processing and selling of a mine's output to end customers.

This Press Release contains certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward looking information includes, but is not limited to, statements about the terms and completion of the Investec Credit Facility, the financing arrangements with Orion including the Private Placement, execution of the A&R Silver Stream Agreement, the A&R Offtake Agreement and the A&R Gold Prepay Agreement, uses of proceeds, strategic plans, including future operations at Cove, the Mercedes Mine and South Arturo Mine, and corporate and technical objectives. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks inherent to the mining industry, adverse economic and market developments

and the risks identified in Premier's annual information form under the heading "Risk Factors". 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 information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Premier disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

SOURCE [Premier Gold Mines Ltd.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/317867--Premier-Enters-into-Credit-Facility-and-Financing-Package.html>

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