

# Rogue to Acquire Limestone Quarries in Ontario, ready for immediate operation, Debt Financing arranged, Private Placement Announced

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- Rogue plans to enter the large and liquid Ontario landscape stone business
- The Speiran Quarry, located east of Orillia, Ontario, is permitted to produce 20,000 tonnes per year and has been in continuous operation for more than 25 years. The past five years have averaged \$131/tonne in Revenue and \$68/tonne operating expense on average sales of 2,722 tonnes per year.
- The Johnston Farm Quarry, located east of Bobcaygeon, Ontario, is permitted to produce 20,000 tonnes/year
- \$1.55M of Debt Financing arranged, with an Annual Interest Rate of 5.25%
- Rogue plans to raise up to \$800,000 in Equity, through a non-brokered Private Placement

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TORONTO, Aug. 12, 2019 -- [Rogue Resources Inc.](#) (TSX-V: RRS) ("Rogue" or the "Company") is pleased to announce that it has entered into agreements (the "Agreements") to acquire 100% of the Speiran (east of Orillia, Ontario) and 85% of the Johnston Farm (east of Bobcaygeon, Ontario) Quarries ("Speiran" and "Johnston Farm" or, the "Projects"), from Ontario-based private companies (the "Sellers"). Going forward, Rogue will refer to these as the "Orillia" and "Bobcaygeon" quarries, respectively.

"Rogue has remained steadfast in its effort to find assets with high rock value, in a good jurisdiction and close to cash flow and these quarries are both great examples of checking each of those boxes. These acquisitions will be a direct result of this focus and will strengthen our project portfolio", said Sean Samson, President and CEO of Rogue. "Also, acquiring a business with historical cash flow, for which we've been able to negotiate Purchase Orders, allows us to tap into sources of less dilutive financing."

The Agreements (all currency C\$)

Under the terms of the Agreements, Rogue has agreed to purchase the Projects (the "Acquisitions") by delivering, the following to the Sellers:

For 100% of the Speiran Quarry / Orillia-

- Cash payment at closing (the "Closing") of \$1.35M.
- (In addition, Rogue is acquiring \$100K of Existing Stone Inventory and \$250K of on-site Equipment and Chattels.)
- Subject to completion of definitive documentation and transfer of permit.

For 85% of Johnston Farm Quarry / Bobcaygeon-

- Cash payment at closing (the "Closing") of \$200K;
- Issuance of 2,400,000 Rogue common shares ("Common Shares") at Closing;

- A \$700K Vendor Take Back ("VTB") financing, secured against the project with:
  - Interest accruing quarterly on the outstanding balance of the VTB at the annual rate of 5.25%, until maturity or until full repayment;
  - Quarterly Payments to begin when the Project earns a positive Net Profit;
  - Term of four years from Closing. The VTB can be completely repaid at any time in lump sum;
  - Remaining principal at the end of term (if any) will be converted, at the Seller's option, in either cash or Rogue Common Shares, priced at 10 cents per share, subject to applicable hold restrictions;
- For potential sales into the higher value Architectural and Block Export markets, a capped Premium Market Net Profit Royalty, calculated as:
  - 10% of Net Profit for tonnes with Net Profit between \$100 and \$200 per tonne, up to \$1.5M and,
  - 20% of Net Profit for tonnes with >\$200 Net Profit per tonne, up to \$1.5M.
- Definitive documentation completed and signed by both parties, subject to transfer of permit.

Rogue's Option for the remaining 15% of Johnston Farm Quarry / Bobcaygeon-

- Both sides will negotiate in good faith, and Rogue reserves a Right of First Refusal on any third party offer.

The Project will be managed through an 85% owned subsidiary of Rogue with Net Profits and if necessary, required capital (after an initial year of *free carry* granted to the Vendor) to be split based upon the ownership interest of each party.

Pursuant to the Agreements, Closing of the Acquisitions are expected to take place in the coming weeks, conditional upon the completion of the Financing (see below), and the approval of the TSX Venture Exchange.

#### Details of the Projects

##### The Speiran Quarry / Orillia

The Speiran Quarry consists of privately owned parcels representing approximately 81 hectares, located approximately 20 km east of the town of Orillia and 140 km northeast of Toronto. The Project currently has a Class B Aggregate License to extract up to 20,000 tonnes of Natural Stone per year and produces Armour Stone, Steps and Flagstone. The quarry permit covers an area of approximately 15.8 hectares (158K m<sup>2</sup>) allowing for extraction of natural stone to the ground water table that is estimated to range from 3 to 7 m from the current quarry floor.

Rogue has conducted extensive due diligence on the Speiran Quarry, including the review of financial data from the Vendor's audit firm which showed that the past five years have averaged \$131/tonne in Revenue and \$68/tonne operating expense on average sales of 2,722 tonnes per year. Speiran has been in continuous operation for more than 25 years and 3rd Party Appraisals valued the assets at \$5.8M. As part of internal due diligence Rogue conducted limited diamond drilling, which provided samples of the underlying limestone units and helped to verify the continuation of marketable material below the pit floor.

##### The Johnston Farm Quarry / Bobcaygeon

The Johnston Farm Quarry consists of a privately owned parcel representing approximately 40 hectares, located approximately 10 km east of the town of Bobcaygeon and 155 km northeast of Toronto. The Project currently has a Class B Aggregate License to extract up to 20,000 tonnes of Natural Stone per year and has historically produced Armour Stone, Steps and Flagstone. The quarry permit covers an area of approximately 12.3 hectares (123K m<sup>2</sup>) allowing for extraction of natural stone to within 1 metre of the ground water table that is estimated to range from 5 to 10 m from the current quarry floor.

Although not currently in operation, the Johnston Farm Quarry operated as recently as 2016. Rogue intends to restart the quarry this year. As part of internal due diligence Rogue conducted limited diamond drilling, which provided samples of the underlying limestone units and helped to verify the continuation of marketable material below the pit floor.

In conjunction with these transactions, Rogue has secured Purchase Orders with the Speiran Quarry vendor for 600 tonnes per year from Orillia and is in negotiations with various potential purchasers to secure additional volume sales agreements.

*“We have conducted extensive due diligence on both projects- both commercial and technical. The diamond drilling gave a good indication for the few metres of product below the quarry floor that we could not see”, said Sean Samson, President and CEO of Rogue. “This technical work, plus the time spent understanding the commercial side, including the ongoing discussions with large buyers, sets a solid foundation for the business we are initiating.”*

## Project Financing

In addition to the \$700K VTB outlined above, Rogue has secured a \$850K term loan (the “Term Facility”) with a major Canadian bank (“Bank”), secured against the Speiran Quarry. The Term Facility is repayable monthly over a 60-month term. It is subject to an existing general security agreement with the Bank and a debt service coverage ratio covenant to be measured on an annual basis, based on a ratio of a measure of earnings to interest expense and scheduled principal payments. The Term Facility carries a fixed interest rate of 5.25%, payable monthly based on the proportional amount outstanding. The full \$850K will be drawn at Closing and the initial monthly payment will be due 30 days from drawdown.

With this \$1.55M in financing, Rogue is also exploring options for further debt, likely a Mezzanine facility (potentially secured against one of the other assets in the Company’s portfolio) and is initiating a Private Placement (see below).

The final structure for financing will be subject to the approval of the TSX Venture Exchange (the “TSXV”).

## Private Placement

Rogue is pleased to announce it plans to issue up to 8,000,000 units of the Company (“Units”) at a price of \$0.10 per Unit for aggregate gross proceeds of \$800,000 (the “Unit Offering”). Each Unit will consist of one common share of Rogue (each, a “Unit Share”) and one common share purchase warrant (each, a “Warrant”) entitling the holder thereof to purchase one common share (each, a “Warrant Share”) at an exercise price of \$0.20 until one year from the date of closing of the Unit Offering. Subject to TSXV approval, the Company reserves the right to increase the size of the private placement or to modify the type, nature and/or price of the units for any reason.

All Warrants issued in the Private Placement will contain an accelerator clause (the “Accelerator Clause”) whereby, if at any time the trading price of Rogue’s common shares exceeds \$0.24 for a period of ten consecutive trading days, the Company may provide notice to the holders of the Warrants that such warrants will expire 30 days after the date of the notice.

The Private Placement is subject to regulatory approval, including the approval of the TSXV. Closing of the Private Placement is expected to occur on or about September 13, 2019. The proceeds of the Unit Offering will be used to help fund the limestone acquisitions and for general corporate purposes.

The Units will be offered by way of private placement in each of British Columbia, Alberta, Ontario and such other jurisdictions as the Corporation may determine. The common shares issued in connection with the Private Placement will be subject to a statutory hold period of four months plus one day from the date of completion of the Private Placement, in accordance with applicable securities legislation.

In certain instances, the Company may pay finder’s fees (“Finder’s Fees”) to eligible persons (“Finders”) on a portion of the Private Placement, consisting of a cash payment equal to 7% of gross proceeds raised from applicable subscriptions for Units and the Company may issue non-transferable finder’s warrants (“Finder’s Warrants”) in an amount up

to 7% of the gross proceeds raised from applicable subscriptions. Each Finder's Warrant will entitle the holder to acquire one additional common share of Rogue (each, a "Finder's Warrant Share") at a price of \$0.20 until September 13, 2021. The Finder's Warrants will be subject to the Accelerator Clause. The payment of the Finder's Fees and issuance of Finder's Warrants is subject to applicable regulatory and TSXV approval.

#### Institute of Mining, Metallurgy and Petroleum ("CIM") Guidelines

The Speiran and Johnston Farm Quarries are both industrial mineral projects, similar to Rogue's quartz projects, and Rogue follows CIM Best Practice Guidelines for Industrial Minerals which are intended to assist the Qualified Person(s) (QP) in the planning, supervision, preparation, and reporting of Mineral Resource and Mineral Reserve (see CIM Industrial Minerals online at <https://mrmr.cim.org/en/best-practices/estimation-of-mineral-resources-mineral-reserves/>). The Reader is cautioned that neither the Speiran or Johnston Farm Quarries have Mineral Resources or Mineral Reserves. These Guidelines state that: "some industrial mineral ventures are relatively simple operations with low levels of investment and risk, where the operating entity has determined that a formal pre-feasibility or feasibility study in conformance with NI 43-101 and 43-101 CP is not required for a production decision". The guideline further advises that: "where production has not yet commenced, there should be evidence of market and economic analyses consistent with sound judgement reflecting the spirit and intent of the requirements of NI 43-101 and 43-101 CP". The Reader is cautioned that the Company's production decisions will not be based upon a formal pre-feasibility or feasibility study, which may be considered a risk factor, but the Reader should be aware that the Speiran Quarry has demonstrated economic viability through current profitable operations and the Johnston Farm Quarry has demonstrated economic viability from historical operations, however the Company cautions that there is no guarantee/certainty that the Company's planned operations will be economically viable.

#### About Rogue Resources Inc.

Rogue is a mining company focused on generating positive cash flow. Not tied to any commodity, it looks at rock value and good grade deposits that can withstand all stages of the commodity price cycle. The Company remains focused on advancing its silica/quartz business with the Snow White Project in Ontario and the Silicon Ridge Project in Québec, plus identifying, acquiring, advancing and eventually operating additional projects or mines that meet its criteria.

For more information visit [www.rogueresources.ca](http://www.rogueresources.ca).

#### Qualified Person

These Projects will be under the direct supervision of Paul Davis, P.Geo., VP, Technical and Director of the Company and a Qualified Person ("QP") as defined by National Instrument 43-101. The QP has approved the scientific and technical content of this release.

#### Cautionary Note Regarding Forward-Looking Statements:

*This news release contains certain statements or disclosures relating to the Company that are based on the expectations of its management as well as assumptions made by and information currently available to the Company which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "continue", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved.*

*In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to the following: the acquisition of the Projects, including the nature and content of the Agreements relating to the acquisitions and their summary details, the value and quality of the Projects and any potential revenue that may be derived therefrom; opportunities for production at the Projects; the*

Company's project financing strategy; closing of the acquisitions and the timing and conditions thereof, including whether or not definitive agreements can be entered into with the Sellers; the Company's ability to obtain debt financing from the Bank and the VTB as well as closing of the proposed private placement, on terms acceptable to the Company or at all, the transfer of permits and lands on terms acceptable to the Company or at all, quartz sales from the Snow White Project, if any; logistics arrangements for the Snow White Project; plans for the Snow White and Silicon Ridge projects. The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of the Company including, without limitation: business strategies and the environment in which the Company will operate in the future; commodity prices; exploration and development costs; mining operations, drilling plans and access to available goods and services and development parameters; regulatory restrictions; the ability of the Company to obtain applicable permits; activities of governmental authorities (including changes in taxation and regulation); currency fluctuations; the global economic climate; and competition.

The Company believes that the material factors, expectations and assumptions reflected in the forward-looking statements contained in this news release are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: those risks identified in the Company's most recent annual and interim management's discussion and analysis, copies of which are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the foregoing list of factors is not exhaustive and are cautioned not to place undue reliance on these forward-looking statements.

If the Closing of the Acquisitions do not occur for any reason, including the Company's inability to enter into a definitive agreement with the Sellers, identify equity, debt or other acceptable forms of financing to fund the Acquisitions and the Company's ongoing operations and receipt of applicable regulatory approvals then there is a specific risk that the market price of the Company's securities will be negatively impacted.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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