

Stornoway Files for Creditor Protection Under the CCAA

09.09.2019 | [GlobeNewswire](#)

LONGUEUIL, Sept. 09, 2019 - [Stornoway Diamond Corp.](#) (TSX-SWY; the "Corporation" or "Stornoway") announced today that the Corporation and its subsidiaries Stornoway Diamonds (Canada) Inc. ("SDCI"), Ashton Mining of Canada Inc. ("Ashton"), and FCDC Sales and Marketing Inc. ("FCDC" and collectively, the "SWY Parties") have applied today to the Superior Court of Quebec (Commercial Division) (the "Court") for protection under the *Companies' Creditors Arrangement Act* ("CCAA") in order to restructure its business and financial affairs.

In connection with the CCAA filing, on September 8, 2019, the SWY Parties entered into a letter of intent ("LOI") with certain secured creditors under the bridge financing agreement entered into by the SWY Parties on June 10, 2019, which include Diaquem Inc. ("Diaquem") and certain buyers under the Amended and Restated Purchase and Sale Agreement entered into on October 2, 2018, as amended (the "Stream Agreement") (collectively, the "Participating Buyers" and together with Diaquem, the "Participating Secured Creditors"). Under the terms of the LOI, the Participating Secured Creditors have confirmed their intention to acquire, through an entity to be formed for this purpose, substantially all of the assets and properties of the SWY Parties, and to assume the debts and liabilities owing to the Secured Creditors as well as the ongoing obligations relating to the operation of the Renard Mine, subject to certain limited exceptions. The LOI has been entered into in accordance with the terms of the sale and investment solicitation process announced in June 2019, as amended as of July 15, 2019 (the "SISP").

Concurrently with the entering into of the LOI, SDCI, Ashton and FCDC, as borrowers, have entered into a definitive and binding working capital facility agreement ("WC Facility Agreement") with the Participating Secured Creditors providing for a working capital facility in an initial amount of \$20 million, which facility can be increased for additional amounts at the option of the Participating Secured Creditors. The SWY Parties have applied for a Court-ordered priority charge in favor of the Participating Secured Creditors to secure the obligations of the borrowers under the WC Facility Agreement.

The working capital facility provides the financing and liquidity required to ensure that the Renard Mine continues to operate in an uninterrupted manner and, together with the LOI, demonstrates the strong support of the SWY Parties' financial partners for the Renard project during the restructuring process.

The continued downward pressure on the market price for rough diamonds as well as a variety of other factors and circumstances, have contributed to the Corporation's inability to generate positive free cash flow in 2019, and to maintain an adequate level of working capital. In addition, the SWY Parties' high level of indebtedness resulted in an inability to consistently meet their debt repayment obligations. After allowing for the SISP to be run thoroughly over several months, a process that did not result in any acceptable qualifying third-party bids, and after careful consideration of all other available alternatives and stakeholder interests, the board of directors of each of the SWY Parties has separately determined that it is in both the best interests of the SWY Parties as well as those of their respective stakeholders to seek protection under the CCAA and full implementation of the transactions contemplated under the LOI.

If the Court grants the initial order sought, the SWY Parties intend to continue to operate and manage their business in the ordinary course, including the Renard Mine, and with the available liquidity provided under the WC Facility Agreement the SWY Parties expect to be able to meet their short-term and current payment and other obligations to employees, suppliers as well as customers as and when they become due.

As part of the CCAA application, approval is being sought for the appointment of Deloitte Restructuring Inc. as Monitor to oversee the CCAA proceedings and report to the Court. While under CCAA protection, management of the Corporation will remain responsible for the day-to-day operations of the SWY Parties.

Trading in Securities of Stornoway

Trading in Stornoway's common shares on the Toronto Stock Exchange ("TSX") has been halted. The Corporation expects that the remedial delisting process by the TSX announced on August 22, 2019 will be accelerated and the Corporation's common shares and convertible debentures will soon be delisted from trading on TSX. In addition, given the filing for protection under the CCAA and assuming the initial order is granted, the Corporation believes that, irrespective of the outcome of the CCAA proceedings, there is and will be no recoverable or residual value in either Stornoway's common shares or convertible debentures.

About Stornoway Diamond Corporation

Stornoway is a Canadian diamond exploration and production company headquartered in Montreal and owns a 100% interest in the Renard Mine, Québec's first diamond mine.

On behalf of the Board

[Stornoway Diamond Corp.](#)

/s/ "Patrick Godin"

Patrick Godin

President and Chief Executive Officer

For more information, please contact Alexandre Burelle (Manager, Investor Relations and Business Development) at 450-616-5555 x2264 or toll free at 1-877-331-2232

Pour plus d'information, veuillez contacter Alexandre Burelle (Directeur, Relations avec les investisseurs et développement des affaires) au 450-616-5555 x2264, aburelle@stornowaydiamonds.com.

** Website: www.stornowaydiamonds.com Email: info@stornowaydiamonds.com **

FORWARD-LOOKING STATEMENTS

This document contains forward-looking information (as defined in National Instrument 51-102 – Continuous Disclosure Obligations) and forward-looking statements within the meaning of Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995 (collectively referred to herein as "forward-looking information" or "forward-looking statements"). These forward-looking statements are made as of the date of this document and, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

These forward-looking statements relate to future events or future performance and include, among others, statements with respect to Stornoway's objectives and strategies to achieve those objectives, as well as statements with respect to our management's beliefs, plans, objectives, expectations, estimates, intentions and future outlook and anticipated events or results. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements reflect current expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the CCAA proceedings and creditor protection, the restructuring process, and the SWY Group's ability to meet its obligations. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "schedule" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are made based upon certain assumptions by Stornoway or its consultants and

other important factors that, if untrue, could cause the actual results, performances or achievements of Stornoway to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business prospects and strategies and the environment in which Stornoway will operate in the future.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. We caution readers not to place undue reliance on these forward-looking statements as a number of important risk factors could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements. These risk factors may be generally stated as the risk that the assumptions and estimates referred to above do not occur, including the assumption in many forward-looking statements that other forward-looking statements will not be correct, but specifically include, without limitation the risk that the restructuring may be protracted and the additional risk factors described herein and in Stornoway's annual and interim MD&A, its other disclosure documents and Stornoway's anticipation of and success in managing the foregoing risks. Stornoway cautions that the foregoing list of factors that may affect future results is not exhaustive and new, unforeseeable risks may arise from time to time.

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/334010--Stornoway-Files-for-Creditor-Protection-Under-the-CCAA.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinen](#).