

Paul Rivett and Rick Doman to join Itasca Board in Conjunction with \$5,000,000 Capital Raise and Closing of Interest in Kenora Sawmill

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VANCOUVER, Sept. 17, 2020 - [Itasca Capital Ltd.](#) (TSXV: ICL) ("Itasca" or "Company") is pleased to announce that one of its investee companies, 1347 Investors LLC ("1347 LLC") has agreed to acquire (the "Acquisition"), for consideration of \$11.5 million in cash, a sawmill and related assets located in Kenora, Ontario from the court-appointed receiver of a resource-based vendor. In connection with the Acquisition, Itasca intends to complete a non-brokered private placement financing and add Paul Rivett and Rick Doman to its board of directors. The Acquisition, which has been approved by a court vesting order of the Manitoba Court of Queen's Bench granted on September 9, 2020, is expected to close on or about October 5, 2020. The Company also intends to change its name to "GreenFirst Forest Products Inc." following closing. The proposed name change is subject to shareholder and TSXV approval. All amounts are in Canadian dollars unless indicated otherwise.

"We are excited to welcome Paul Rivett and Rick Doman to the Itasca board of directors," said Kyle Cerminara, Chairman of the Itasca board. Cerminara added, "Itasca will certainly benefit from the experience of Paul and Rick and we look forward to a bright future for the company as we pursue new lumber investments under the GreenFirst banner."

The purchased assets are comprised of a sawmill and related equipment and lands of approximately 114 acres. The sawmill sits on a 42 acre site leaving over 72 acres of undeveloped lakefront land in the attractive Lake-of-the-Woods region. The sawmill is located near major transportation routes, including the Trans-Canada Highway and the main Canadian Pacific rail line, providing easy access to the nearby Canadian-United States border and several key mid-west U.S. markets, including Minneapolis, Chicago, St. Louis and Dallas.

"We believe this is an excellent development for 1347 LLC, which is our principal investment" said Larry Swets, Chief Executive Officer of Itasca. Swets continued "The investment to be made by 1347 LLC is in line with Itasca's mandate to invest in the natural resource and industrial sectors. We understand that 1347 LLC intends to bring the Kenora sawmill online quickly".

The Kenora sawmill has access to up to 450,000 cubic meters per year of high-quality, northern SPF timber and is equipped to produce up to 100 million board feet (MMBF) per year on 2 shifts of quality SPF (Premium, #1&2, stud grade and MSR grades focused on PET 8-9' lumber products). It is expected that the Kenora sawmill can be optimized to achieve production capacity of 200 million board feet annually.

In connection with the Acquisition, Itasca intends to complete a non-brokered private placement financing (the "Private Placement") of 2,000,000 units (the "Units") at a purchase price of \$0.50 per Unit and of 4,000 convertible debentures (the "Convertible Debentures") at a purchase price of \$1,000 per Convertible Debenture for aggregate gross proceeds of \$5,000,000. It is expected that Paul Rivett and Rick Doman will be the subscribers under the Private Placement.

Each Unit is comprised of one common share of Itasca (a "Common Share") and one Common Share purchase warrant of Itasca (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a purchase price of \$0.535 until the date that is five years after the date that the Warrant is issued. Each Unit is immediately separable into one Common Share and one Warrant upon issuance.

Each Convertible Debenture will be secured, and has a maturity date of two years from the date of issuance. The Convertible Debentures will bear interest at a rate of 4% per annum until the completion of a Qualified Investment (as defined below) and 2% per annum thereafter; provided that, if the Requisite Approval (as defined below) is not obtained on or before December 31, 2020, the interest rate shall be increased by ten percentage points in each case, to 14% and 12%, respectively. If, prior to the maturity date, Itasca closes an investment in excess of \$25,000,000 (a "Qualified Investment") the principal amount of each Convertible Debenture will, subject to the limitations described below, automatically convert at maturity into Units at a price of \$0.50 per Unit (provided that the term of any Warrant issued in connection therewith will be limited to 5 years from the date of issuance of the Convertible Debenture). Accrued but unpaid interest on the Convertible Debentures will also automatically convert at maturity into Units upon a Qualified Investment in accordance with the policies of the TSX Venture Exchange (the "TSXV") and subject to TSXV approval. Unless and until shareholders of Itasca approve the issuance of the Convertible Debentures in accordance with the policies of the TSXV (the "Requisite Approval"), the Convertible Debentures will only be convertible to the extent that the issuance of the Common Shares issuable on conversion of the Convertible Debentures and exercise of the associated Warrants do not result in the holder thereof holding 20% or more of issued

and outstanding Common Shares of Itasca. If the Corporation fails to complete a Qualified Investment prior to the date that is 6 months following the issuance of the Convertible Debenture, the holder thereof may require Itasca to redeem and repurchase the Convertible Debenture for their face amount plus all accrued and unpaid interest.

The securities issued pursuant to the Private Placement will be subject to a statutory hold period which will expire four months plus a day from the date of issuance.

Completion of the Private Placement is subject to the approval of the TSXV. Itasca expects the Private Placement to close concurrently with the closing of the Acquisition at which time Paul Rivett and Rick Doman are expected to be appointed to the board of directors of the Company.

"Paul and I are excited to join Itasca's board and look forward to working with Larry and the Itasca team to begin building GreenFirst as focused on lumber and forestry investments", said Rick Doman who added, "Similar to our recent success building Eacom with the Domtar lumber assets, we look forward to assisting 1347 LLC in its acquisition and optimization of the sawmill while also looking globally for additional sawmill assets in the future."

The net proceeds of the Private Placement are intended to be used for further investments into 1347 LLC, including bringing the sawmill online, and for other future investments by Itasca.

Forward Looking Information

Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact are forward-looking statements. Forward looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend", "estimate" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to statements with respect to the timing to complete the Acquisition, the timing to bring the Kenora sawmill online, the anticipated benefits of the Acquisition to 1347 LLC (including anticipated benefits to production capacity), the Private Placement and board appointments, statements made by parties with respect to the Acquisition and the Private Placement and the timing to complete the Private Placement, name change and board appointments related thereto and the use of funds.

Forward-looking statements are based on assumptions, including expectations and assumptions concerning: interest and foreign exchange rates; capital efficiencies, the lumber industry (and its growth and growth rates) in North America, the anticipated benefits of the Acquisition and the Company's future plans and ability to complete future investments. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. In addition, forward-looking statements necessarily involve known and unknown risks, including, without limitation, risks associated with general economic conditions; adverse industry events; future legislative, tax and regulatory developments. Readers are cautioned that the foregoing list is not exhaustive and other risks are set out in the Company's public disclosure record filed under the Company's profile on www.sedar.com. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect our expectations as of the date hereof, and thus are subject to change thereafter. The Company 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 required by law.

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

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