

California Gold Mining Inc. Provides Corporate Update and Completes Subordinated Loan Financing

06.11.2020 | [GlobeNewswire](#)

TORONTO, Nov. 06, 2020 - [California Gold Mining Inc.](#) (CSE:CGM) (California Gold; or the Company) is today announcing a strategic review by Special Committee and the completion of a subordinated loan financing.

Special Committee

Following the announcement on September 30, 2020 regarding the appointment of Mr. Scott Rasenberg as Chair of the Board in replacement of Mr. Patrick Cronin and Mr. Larry Phillips as Interim President & CEO, following the termination of Mr. Vishal Gupta, the board of directors (the Board) and the new management team have concluded an initial review of the Company's operations and financial position, including an assessment of short term cash requirements for the orderly continuation of the business of the Company.

The Board has created a special committee, comprised of Scott Rasenberg, Larry Phillips and William Tomlinson (the Special Committee), to carry out a review process to explore, review and evaluate a broad range of potential alternatives focused on maximizing shareholder value, including a potential sale or merger of the Company, a disposition of the mining exploration assets owned by the Company and a general review of the Hemp Business. The Special Committee will also be considering financing alternatives available to the Company due to limited capital resources and, as is discussed in further detail below, the inability to realize revenue from the isolate inventory held as part of the Hemp Business. There can be no assurance that this process will result in a transaction.

The Company has not made any decisions related to strategic alternatives regarding the mining assets of the Company at this time, and there can be no assurance that the evaluation of alternatives will result in any transaction or change in strategy. The Company does not intend to disclose further developments with respect to this process unless and until the Board has approved a specific course of action or the Company has determined further disclosure is appropriate or necessary.

Subordinated Loan Financing

Regarding the Company's financial situation, the Company has entered into a subordinated secured credit facility (the Subordinated Secured Loan) with R.W. Tomlinson Limited on the following principal terms: a principal amount of up to \$1,000,000, advanced in two \$500,000 tranches, the first immediately and the second if certain conditions are met at the beginning of January 2021, interest accrues at 14% per annum and is paid at maturity (which is in April 2021). Warrants will also be issued to the subordinated lender to purchase 300,000 common shares at an exercise price equal to the greater of \$0.15 and the closing market price on November 6, 2020 (Warrants). The first tranche of the Subordinated Secured Loan has been received by the Company, the proceeds of which, together with the availability of the second tranche, is anticipated to fund operating costs of the Company until Q2 of 2021. As noted above, the Special Committee will continue to consider and evaluate financing alternatives available to the Company.

As RW Tomlinson is an insider of the Company, the Subordinated Secured Loan and related Warrants are a related party transaction; within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (MI 61-101), which requires the Company to obtain minority approval for and a valuation of the related party transaction unless there is an exemption from such requirements. The Company is relying on the exemptions in Sections 5.5(b) and 5.7(1)(a) of MI 61-101 on the basis that the securities of the Company are listed on the Canadian Securities Exchange (CSE) and that the fair market value of the related party transaction is less than 25% of the Company's market capitalization.

In connection with the above financing, Romspen Investment Corporation (Romspen), the

Company's existing senior lender, consented to the new financing and agreed to forbear on any enforcement in connection with the missed interest payments under the senior facility for September, October and November 2020 and add those outstanding amounts to the amounts to be repaid on the maturity date in exchange for the issuance of Warrants to purchase 300,000 common shares at an exercise price equal to the greater of \$0.15 and the closing market price on November 6, 2020.

Hemp Business

Since December 2019, the Company's industrial hemp business (Hemp Business) has been impacted by external factors including lower demand and competition between players in the supply chain, regulatory uncertainties with respect to the characterization of CBD Isolate, and the impact of COVID-19 on general economic conditions, resulting in significant pricing pressures.

As a result of the evolution of these developments, the Company did not plant any crop on the Grove Road Farm in 2020, and in September 2020, listed the property for sale. The proceeds of any sale will be applied to reduce the Company's senior debt facility with Romspen. The Special Committee no longer contemplates the purchase of successive batches of biomass from other farmers.

The revenue realized by the Company from the sale of the first tranche of CBD Isolate announced on August 17, 2020 was applied to the outstanding liabilities associated with the purchase of biomass and processing by Isolera. The sale was conducted by Isolera and the form of CBD Isolate required additional processing costs that were not originally contemplated. As a result, no proceeds from the sale were received by the Company.

The Company's current inventory of bulk hemp-CBD products is located in the Isolera facilities in North Carolina. Based on unaudited statements from Isolera, the inventory equates to over 31 kilograms of CBD Isolate, 520 litres of Full Spectrum Distillate, 833 litres of Crude Oil and 754 liters of Mothers Liquor - 754 Liters. The Special Committee has undertaken a review of the Hemp Business as well as an assessment of the proper valuation of the inventory. The view of the Special Committee, at this time, is that the value of the inventory is, without further processing (which would incur significant additional expense), insufficient to pay for all of the associated costs and expenses and accrued liabilities of the Hemp Business.

Larry Phillips added that "This has been a challenging year for California Gold due to factors including the COVID-19 pandemic and developments within the CBD Isolate market. The Company also saw changes to its board of directors and senior management following the AGM. Since assuming the role of Interim President and CEO at the end of September, I have been working closely with the CFO and other members of the Special Committee to take a close and careful look at the business and operations of the Company. While we are still in the midst of the Special Committee review, we have already determined that it is in the best interest of the shareholders that the Hemp Business be wound up in an orderly fashion to preserve overall value for all shareholders."

About California Gold Mining Inc.

[California Gold Mining Inc.](#) is focused on continued development of a high-quality gold resource on its 100% owned Fremont property in Mariposa County, California. The Fremont property consists of an entirely private and patented land package totaling 3,351 acres of historically producing gold mines, with a state highway, PG&E electric substation and abundant water present on the property itself. The Fremont property lies within California's prolific Mother Lode Gold Belt that has produced over 50 million ounces of gold. The Company purchased the Fremont property in March 2013.

The Company's technical report in respect of the Fremont Property prepared pursuant to National Instrument 43-101 is available on SEDAR at www.sedar.com and on the Company's website at www.caligold.ca.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release of California Gold contains statements that constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and include, but are not limited to, disclosure regarding possible events, that are based on assumptions and courses of action, and in certain cases, can be identified by the words expects, plans, anticipates, believes, intends, estimates, projects, potential, and similar expressions, or that events or conditions will, would, may, or could, or

should occur, or the negative forms of any of these words and other similar expressions. Forward-looking statements include: the Special Committee's intention to review and evaluate a broad range of potential alternatives focused on maximizing shareholder value; the Company's intention not to disclose further developments with respect to the review process by the Special Committee; management's expectation with respect to how long the Subordinated Secured Loan will fund operations; the issuance of Warrants to the subordinated lender; the intention of the Company to apply the proceeds of the sale of Grove Road Farm to the Company's senior debt facility with Romspen; and statements related to the treatment and future plans of the Company's Hemp Business. Forward-looking statements are based on various assumptions including with respect to financing sources and use of funds, results of operations, performance, business prospects and opportunities. Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions on the date of this news release, such assumptions may prove to be incorrect. Forward-looking statements involve known and unknown risks and uncertainties, they should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed in the forward-looking statements, including, but not limited to: general business, economic, competitive, political and social uncertainties; the lack of available capital; the ability of the Company to sell Grove Road Farm and the anticipated timing and terms of such sale; impact of COVID-19 on the business of the Company; and other risks detailed from time-to-time in the Company's ongoing filings with securities regulatory authorities, which filings can be found at www.sedar.com. California Gold cannot assure readers that actual results will be consistent with these forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements in this press release. These forward-looking statements are made as of the date of this news release and California Gold disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless otherwise required by law.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/366322--California-Gold-Mining-Inc.-Provides-Corporate-Update-and-Completes-Subordinated-Loan-Financing.html>

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