

# SRHI Inc. Completes Customary Documentation Required under JRA

20.11.2020 | [GlobeNewswire](#)

TORONTO, Nov. 20, 2020 - [SRHI Inc.](#) (the "Company" or "SRHI") (TSX: SRHI, SRHI.WT) is pleased to announce that the Company and Minera Tres Valles SpA ("MTV") have completed the customary documentation and formalization of terms under the Judicial Reorganization Agreement ("JRA") between MTV, MTV's senior lenders ("Lenders") and the Company.

MTV is the Company's 70% owned producing copper mine in Salamanca, Chile.

A summary of the financial commitments arising from the JRA (and as disclosed in prior press releases) is as follows:

## SRHI to Provide \$10 Million to MTV by June 2021

- Up to \$10 million secured second ranking debt to be financed from the Company's cash resources (the "SRHI New Loan")
- To be drawn down by MTV by June 2021
- Principal and interest subordinated to the senior secured prepayment facility (the "Facility") and New Senior Debt (defined below)
- Expected payback beginning 2025
- Fulfills (and will reduce, pro-rata) the Company's \$10 million corporate guarantee provided under the agreement governing the Facility (the "Facility Agreement") entered into between the Lenders, MTV and the Company in December 2019
- No dilution to the Company's 70% equity holding of MTV

## Lenders Amend Facility Agreement Terms and Commit to Additional \$6 Million

- Immediate release of \$7 million of cash, previously restricted by the Lenders pursuant to the Facility Agreement, to support MTV's operations
- Extension of the Facility Agreement's maturity by 12 months to December 2024
- Extension of the Facility Agreement's commencement for principal repayments by 12 months to begin March 31, 2022
- Extension by 18 months of the requirement to pay 50% of interest under the Facility Agreement. Full interest payments begin March 31, 2022
- Up to \$6 million of new senior debt ("New Senior Debt") to have substantially the same security and terms as currently contemplated in the Facility Agreement (with some amendments)
- The New Senior Debt is to be made available to MTV, if needed, after SRHI has fully advanced the SRHI New Loan

## Unsecured Creditors Convert Amounts Owed to Unsecured Debt

- Effective August 24, 2020, approximately \$22 million of MTV's accounts payable and accrued liabilities were converted to long-term debt (the "Unsecured Debt")
- Effective August 24, 2020, Unsecured Debt amounting to approximately \$17 million converted from accounts payable of MTV to long-term debt ("Unsecured Term Debt")
- Effective August 24, 2020, Unsecured Debt amounting to approximately \$5 million converted from accounts payable of MTV to subordinated long-term debt ("Subordinated Debt") to be repaid only after all amounts due to the Lenders and unsecured creditors are fully repaid
- Principal and interest repayment grace period for Unsecured Term Debt; first payment to begin March 31, 2022
- 50% of Unsecured Term Debt to be repaid in 13 quarterly payments beginning March 31, 2022
- Remaining 50% of Unsecured Term Debt to be repaid on June 30, 2025
- Annual interest rate of New Unsecured Debt is 5%

- Opportunity for accelerated prepayments
- Subordinated Debt and Unsecured Term Debt totaling approximately \$7 million is due to Vecchiola S.A, a related party to the minority Shareholder of MTV.

#### About SRHI Inc.

SRHI is a publicly-listed company based in Toronto and its principal operating business is its 70% equity interest in the producing copper mine Minera Tres Valles in Salamanca, Chile. For more information about SRHI, please visit [www.srhi.ca](http://www.srhi.ca).

#### Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the foregoing, this news release contains Forward-Looking Statements pertaining to: the terms of the JRA; and the expected timelines for provision, drawdown and repayment of indebtedness of MTV.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: the terms of the JRA; that the assumptions for future ore mined and copper cathode production together with future cash flows, including future copper prices, operating costs and capital expenditures remain materially accurate; there being no additional significant disruptions affecting the development and operation of MTV; the timing for the expected reopening of the Don Gabriel mine; the timing and success of the Papomono Masivo underground mine construction and development and assumptions concerning general marketing, political, business and economic conditions.

Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks) and risks associated with the other portfolio companies' industries; (ii) risks associated with investments in emerging markets; (iii) general economic, market and business conditions; (iv) the JRA not being complied with; (v) commodity price fluctuations and uncertainties; (vi) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (vii) risk that MTV and/or the Company cease to be going concerns and the Company's guarantee of the MTV debt is called and the related pledge is realized (viii) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the year ended December 31, 2019 and its most recent interim report of 2020; and (ix) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 24, 2020.

The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

#### Cautionary Note to United States Investors Concerning Estimates of measured, indicated and inferred mineral resources

This news release may use the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources"

have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

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Source: [SRHI Inc.](#)

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/367562--SRHI-Inc.-Completes-Customary-Documents-Required-under-JRA.html>

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