

# Falco Completes Extension of Maturity of Its Senior Loan

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MONTREAL, Nov. 27, 2020 - [Falco Resources Ltd.](#) (TSX.V: FPC) (the "Falco" or the "Corporation") is pleased to announce the successful completion of its previously announced extension to the maturity of the Corporation's existing senior secured loan (the "Senior Loan") with [Osisko Gold Royalties Ltd.](#) (the "Osisko") from December 31, 2020 to December 31, 2022.

## Senior Loan Amendment

Under the terms of the extension of the maturity date of the Senior Loan (the "Senior Loan Extension"), the Senior Loan was amended to become convertible after the first anniversary of its execution date into common shares of the Corporation (the "Common Shares") at a conversion price of \$0.55 per share, subject to standard anti-dilution protections. The Senior Loan will continue to bear interest at a rate of 7.0% per annum compounded quarterly. The Corporation did not receive any additional proceeds in connection with the Senior Loan Extension.

In consideration for the Senior Loan Extension, the Corporation also issued to Osisko 10,664,324 warrants of the Corporation (the "Warrants"), each exercisable for one Common Share at an exercise price of \$0.69 for a period of 24 months from their date of issuance. The terms of the Warrants also provide for a cashless exercise feature.

The underlying Common Shares issuable upon conversion of the Senior Loan will be subject to a hold period of four months from the closing date of the Senior Loan Extension in accordance with applicable Canadian securities laws. The Warrants (and the underlying Common Shares) will be subject to a hold period of four months from the date of issuance of the Warrants, in accordance with applicable Canadian securities laws.

## Silver Stream Amendment

Osisko and Falco have also amended the silver stream agreement entered into on February 27, 2019, as amended on January 31, 2020, in order to postpone by one year certain deadlines granted to Falco to achieve milestones set as conditions precedent to Osisko funding the stream deposit (the "Silver Stream Amendment").

## Related Party Transactions

Immediately prior to closing of the Senior Loan Extension and the Silver Stream Amendment, Osisko had beneficial ownership of, or control and direction over, (i) 41,385,240 Common Shares, representing approximately 18.3% of the issued and outstanding Common Shares, and (ii) 6,052,222 warrants. Immediately following the closing, on a partially-diluted basis assuming the conversion in full of the Senior Loan and the exercise in full of all of Osisko's warrants, Osisko would have beneficial ownership of, or control and direction over, 90,094,760 Common Shares, representing approximately 32.8% of the Common Shares issued and outstanding.

The Senior Loan Extension is a related party transaction under Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions (Regulation 61-101). It is exempt from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101, as the Common Shares are not listed on any of the stock exchange or markets specified therein. The Senior Loan Extension is also exempt from the requirement to obtain minority approval pursuant

to 5.7(a) of Regulation 61-101 as the value of the transaction represents less than 25% of the market capitalization of the Corporation.

The Silver Stream Amendment could be a related party transaction under Regulation 61-101. It is exempt from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101, as the Common Shares are not listed on any of the stock exchange or markets specified therein. The Silver Stream Amendment is also exempt from the requirement to obtain minority approval pursuant to 5.7(1)(f) of Regulation 61-101, as it (i) is on reasonable commercial terms that are not less advantageous to the Corporation than if the Silver Stream Amendment was obtained from an arm's length party, and (ii) is not convertible, directly or indirectly, into equity or voting securities of the Corporation.

The independent directors of the Corporation have approved the Senior Loan Extension and the Silver Stream Amendment, and the board members who are nominees or officers of Osisko abstained from voting on the resolutions to approve such transactions.

#### About Falco

Falco is one of the largest mineral claim holders in the Province of Qu?bec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns approximately 70,000 hectares of land in the Rouyn-Noranda mining camp, which represents 70% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located in the former Horne mine that was operated by Noranda (now Glencore Canada Corporation) from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. Osisko is the largest shareholder of the Corporation through its new subsidiary [Osisko Development Corp.](#) Osisko has recently announced the completion of the transfer to [Osisko Development Corp.](#) of its share ownership in Falco representing 18.3% of the issued and outstanding shares of Falco. Osisko retains its silver stream interests.

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#### Cautionary Note Regarding Forward-Looking Statements

*This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. These statements are based on information currently available to the Corporation and the Corporation provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Corporation's future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. All statements, other than statements of historical facts, are forward-looking statements. Generally,*

*forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results may, "could", "would", "might", "will be taken", "occur" or "be achieved" and includes, without limitation, the issuance of the Common Shares underlying the Senior Loan and the Warrants. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements.*

*Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, without limitation, changes in general economic conditions and conditions in the financial markets, changes in demand and prices for minerals, failure to obtain the requisite permits and approvals from government bodies and third parties, regulatory and governmental policy changes (laws and policies), operational difficulties encountered in connection with the activities of the Corporation, other matters discussed in this news release and those risks set out in Falco's public documents, including in each management discussion and analysis, filed on SEDAR at [www.sedar.com](http://www.sedar.com). Although Falco believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

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