

SRG Mining Inc. and Sprott Private Resource Lending II, LP Announce USD\$7.5m Convertible Senior Financing In Support Of Srg's Bid For North American Lithium Inc

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Monreal, Jan. 26, 2021 - [SRG Mining Inc.](#) (TSXV: SRG) ("SRG" or the "Company") is pleased to announce that it has closed the first tranche ("Tranche 1") of a private placement in the form of a convertible debt financing for USD\$7.5M (approximately CAD\$9.53M) (the "Financing") with Sprott Private Resource Lending II (Collector), LP ("Sprott"). The Financing is the first portion of financial resources the Company will raise should it be successful in its bid to acquire the North American Lithium Inc. ("NAL") assets pursuant to the procedures of the Sale and Investor Solicitation Process relating to NAL ("SISP").

The Company has been involved in the SISP since it was initially launched in October 2019. Since then, the Company has conducted thorough due diligence including multiple site visits and interviews with current and past management; interviews with previous lenders, owners and suppliers of NAL; a review of daily production reports; and technical studies. Furthermore, the Company conducted a review and remodelled the deposit's geological model using NAL's 2019 drilling results as this had not previously been completed by NAL.

With this information in hand, the Company prepared a full diagnosis of the NAL project and drew up an execution plan that involves recommissioning the NAL project as an integrated operation and producing lithium chemicals within a 36-month period. SRG intends to execute its plan while minimizing its environmental footprint, maintaining worker health and safety as a core value, respecting the interests of all stakeholders and ensuring long-term profitability of the project for its shareholders. The detailed plan, along with our bid, was presented to the Raymond Chabot Inc. as monitor pursuant to the SISP and the secured lenders including Contemporary Amperex Technology ("CATL") and Investissement Qu?bec ("IQ").

"After several months of due diligence and consideration, we have submitted a bid and an action plan to the Monitor and the secured lenders, including the Government of Qu?bec and IQ, which we believe will maximize stakeholder value in this project," said Benoit La Salle, Executive Chairman of SRG. "Our offer provides secured lenders with meaningful repayment of their debts and gives IQ meaningful participation in the project via SRG shares should the project be successful. SRG is already in the battery materials space with a shovel-ready graphite project, and the addition of NAL would further strengthen our portfolio. Our team is made up of Qu?bec-based mining specialists who have built their reputation on turning around distressed mining operations worldwide. Our bid, which is made by Quebecers for a Qu?bec project, maximizes the lithium resource by providing for a conversion plant on site from day one of the restart."

Convertible Senior Notes Debt Financing

Tranche 1

Tranche 1, which closed and was funded on January 25, 2021, comprised USD\$800,000 and includes a subscription for 109,900 common shares of the Company (the "Incentive Shares"). Incentive Shares will be issued at a deemed price equal to a 10% discount to the January 22, 2021 closing share price, being \$0.58 per share.

Tranche 1 will be convertible into common shares of the Company, at the discretion of Sprott, at a conversion price equal to C\$0.70 per share ("Tranche 1 Conversion Price").

Tranche 2

Tranche 2 represents USD\$6,700,000 and shall be advanced upon certain conditions, including, amongst others, the successful closing of the equity raise contemplated for the acquisition of the NAL assets (the "Equity Financing") should the Company be the winning bidder of the SISP for NAL (the "Closing Date").

Tranche 2 will be convertible into common shares of the Company, at the discretion of Sprott, and upon regulatory approval, at a conversion price equal to the lesser of (i) C\$0.74 per share or (ii) the Equity Financing price ("Tranche 2 Conversion Price").

Concurrently, the Company will issue Sprott 5,000,000 warrants (each a "Warrant"), whereby each Warrant shall entitle the holder to purchase one common share and shall contain customary anti-dilution clauses. Warrants will be fully transferable and will have a term of 3 years from their date of issue and an exercise price equal to a 15% premium to the lesser of (a) the 20-day volume weighted average price of the common shares of the Company prior to the Closing Date and (b) the price at which common shares of the Company are issued as part of the Equity Financing price (the "Exercise Price").

The interest rate of the convertible senior note under the Financing is 8.00% per annum, payable semi-annually in arrears on the last day of June and December in each year, commencing June 30, 2021 computed on the basis of a 360-day year composed of twelve 30-day months.

The Financing is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the final approval of the TSX Venture Exchange. All securities issuable in connection with the Financing are subject to a four-month hold period from the date of issuance in accordance with applicable Canadian securities laws.

Net proceeds from the Financing will be used to provide the necessary funds to complete and pursue the NAL bid.

About SRG Mining

SRG Mining is a Canadian-based mining company focused on developing the Lola graphite deposit located in the Republic of Guinea, West Africa. SRG is committed to operating in a socially, environmentally, and ethically responsible manner.

For additional information, please visit SRG's website at www.srgmining.com.

About Sprott

Sprott is a global asset manager providing investors with access to highly-differentiated precious metals strategies. Sprott's specialized investment products include innovative physical bullion trusts, managed equities, mining ETFs, as well as private equity and debt strategies. We also partner with natural resource companies to help meet their capital needs through our brokerage and resource lending activities. Sprott is based in Toronto and has offices in New York, San Diego and Vancouver. Sprott's common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "SII".

Sprott today serves over 200,000 global clients and has approximately USD\$16.3 billion in assets under management.

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Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities legislation. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "firm", "anticipated", "plan", "intends", "minimizing" maintaining", "ensuring", "potential", "will", "continue", "demonstrate", "deliver", "believe", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would" or "might". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: (i) volatile stock price; (ii) the general global markets and economic conditions; (iii) the possibility of write-downs and impairments; (iv) the risk associated with exploration, development and operations of mineral deposits and mine plans for the Company's mining operations; (v) the risk associated with establishing title to mineral properties and assets including permitting, development, operations and production from the Company's operations being consistent with expectations and projections; (vi) fluctuations in commodity prices, finding offtake takers and potential clients or enforcing such agreements against same and other risks and factors described or referred to in the section entitled "Risk Factors" in the MD&A of the Company and which is available at www.sedar.com, all of which should be reviewed in conjunction with the information found in this news release.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations and exploration plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is given as of the date of this press release, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

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