

Falco Announces Amendment and Extension of Convertible Debenture and Warrants, and Provides Update on the Operating License and Indemnity Agreement With Glencore

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MONTREAL, April 07, 2022 - [Falco Resources Ltd.](#) (TSX.V: FPC) ("Falco" or the "Corporation") announced today that the Corporation and Glencore Canada Corporation ("Glencore") (collectively, the "Parties") have agreed to extend the maturity date of the \$10 million senior secured convertible debenture dated October 27, 2020 (the "Debenture") issued by the Corporation to Glencore, from April 27, 2022 to April 27, 2023 (the "Maturity Date"). The accrued interest on the existing Debenture will be capitalized such that the principal amount of the amended Debenture will be approximately \$11,095,976.

The Debenture was previously convertible into common shares of Falco at a price of \$0.41 per share, subject to customary adjustments in accordance with the terms of the Debenture. In connection with the extension of the Maturity Date, the conversion price of the Debenture will be amended to \$0.40 per share and the interest rate will be 8% per annum, compounded quarterly. In accordance with its terms, the Debenture can be converted into common shares (the "Shares") of the Corporation within 10 days of the Maturity Date or on the Maturity Date except that Glencore shall have the right to accelerate its conversion right upon the provision of a prior written notice to the Corporation.

Concurrently with the issuance of the Debenture on October 27, 2020, Falco also issued to Glencore 12,195,122 common share purchase warrants of the Corporation (the "Warrants"). Each Warrant is exercisable for one Share of the Corporation at an exercise price of \$0.51 per share, subject to customary adjustments in accordance with the terms of the Warrants. The Warrants expire on April 27, 2022. The Corporation announces that it will extend the expiry date of the Warrants from April 27, 2022 to April 27, 2023. The exercise price of the Warrants will be reduced to \$0.41 per share. All other terms and conditions of the Warrants will remain unchanged.

As consideration for the amendment and extension, Falco will also issue to Glencore 2,866,036 common share purchase warrants of the Corporation (the "Additional Warrants"). Each Additional Warrant is exercisable for one Share of the Corporation and will have identical terms to the terms of the Warrants.

The amendment and extension of the Debenture and Warrants, and the issuance of the Additional Warrants remain subject to the approval of the TSX Venture Exchange. The Additional Warrants (and the underlying Shares) will be subject to a hold period of four months from the date of their issuance in accordance with applicable Canadian securities laws.

Update on Operating License and Indemnity Agreement ("OLIA")

Since entering into the Agreement in Principle with Glencore regarding the Horne 5 development and the OLIA as announced on June 28, 2021, the Parties have essentially completed the Work Program that was initially announced in October 2020, as updated by press releases of February 11, 2021 and June 28, 2021. The Parties have also made meaningful progress with respect to the negotiation of the OLIA, including without limitation:

1. the general terms for the creation of a Technical Committee and a Strategic Committee, comprised of both Glencore and Falco representatives, to collaborate in the successful and safe development and operation of the Horne 5 Project;
2. Falco's right to access, use and transform certain areas currently owned or controlled by Glencore;

3. the right of Glencore to nominate one Glencore representative on the board of directors of Falco;
4. the remaining conditions precedent to commencement of the dewatering, construction and operation of the Horne 5 Project; and
5. certain principles, legal protections and other safeguards relating to the interaction of the Horne 5 Project with the operation of the Horne smelter of Glencore, given their physical proximity.

Negotiations between the Parties are continuing in order to finalize the remaining terms of the OLIA.

Permitting

Following completion of the relevant field work and studies, Falco has filed the documentation responding to questions raised by the Ministère de l'Environnement et de la Lutte contre les changements climatiques in light of the acceptability analysis of the Corporation's Environmental impact assessment study ("EIAS"). Such filing is an important milestone in progressing with the Corporation's permitting process towards a public hearing by the *Bureau d'audiences publiques sur l'environnement* (BAPE) and to the required provincial decree.

Luc Lessard, President and Chief Executive Officer of Falco, commented that *"We are pleased with Glencore's support in concluding this amendment and extension of the Debenture which provides Falco with greater flexibility while pursuing our efforts to conclude the OLIA. The prior execution of life of mine offtake agreements with Glencore on October 27, 2020, the successful completion of the Work Program announced in October 2020 and which was financed with funds provided by Glencore through the Debenture financing, the initial and contemplated extension of the maturity of the Debenture and the Parties' continuing negotiation of the OLIA are reflective of the Parties' collaboration and determination to finalize the OLIA and successfully develop the Horne 5 Project. We are confident that both Falco and Glencore, together with the community of Rouyn-Noranda and the Province of Québec, will realize significant benefits from the successful development and operation of the Horne 5 Project and we look forward to providing further updates as negotiations progress."*

About Falco

[Falco Resources Ltd.](#) is one of the largest mineral claim holders in the Province of Québec, 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 Gold Royalties Ltd.](#)'s subsidiary, [Osisko Development Corp.](#) is Falco's largest shareholder owning a 17.3% interest in the Corporation.

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

Cautionary Statement on Forward-Looking Information

This news release contains forward-looking statements and forward-looking information (together, "forward looking statements") within the meaning of applicable Canadian securities laws. Statements, other than statements of historical facts, may be 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", the negative of these terms and similar terminology although not all forward-looking statements contain these terms and phrases. Without limiting the generality of the foregoing statements, the statements relating to the extension of the maturity or expiry date and/or the amendment of the Debenture and the Warrants, as well as the issuance of the Additional Warrants are forward-looking statements and will not be completed until approved by the TSX Venture Exchange. There is no assurance that the approval of the TSX Venture Exchange to such amendment and extension will be obtained. In addition, the statements relating to the negotiation and execution of the OLIA, the development, construction, operation and closure of the Horne 5 Project, the benefits to be realized from the development and operation of the Horne 5 Project as well as the acceptability of the Corporation's EIAS and permitting process generally, are also forward-looking statements. There is also no assurance that the negotiations of the OLIA will be completed on terms satisfactory to Falco and Glencore, and there is no assurance with respect to the timing of completion of such negotiation or the commencement of the construction and operation of the Horne 5 Project. 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. These risks and uncertainties include, but are not limited to, the risk factors set out in Falco's annual and/or quarterly management discussion and analysis and in other of its public disclosure documents filed on SEDAR at www.sedar.com, as well as all assumptions regarding the foregoing. 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 frame 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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