

# Baker Steel Resources Trust Agrees To Convert Loan

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VANCOUVER, April 19, 2022 - [Azarga Metals Corp.](#) ("Azarga Metals" or the "Company") (TSXV:AZR) is pleased to announce that it has executed a binding letter of intent (the "Binding LOI") with Baker Steel Resources Trust Limited ("BSRT") agreeing the terms and conditions whereby BSRT will exercise its right to convert the US\$3.5 million loan (the "Loan") made under the secured convertible loan facility (the "Loan Agreement") between Azarga Metals and BSRT. The Loan will be converted at a fixed Canadian dollar equivalent value of C\$4.7 million, with a conversion price of C\$0.10 per share for a total issue of 46,925,500 common shares of the Company (the "Shares").

In exchange for BSRT converting the Loan prior to the maturity date of December 31, 2022, Azarga Metals has agreed to grant BSRT the option to acquire the Unkur project (the "Unkur Option"), until December 31, 2023, after which the Unkur Option will automatically expire (the "Option Period").

Gordon Tainton, President and CEO of the Company commented "the co-operation from BSRT to convert the Loan into shares will remove US\$3.5 million of debt that would have otherwise been due in cash on December 31, 2022. This debt reduction provides the Company with the ability to further focus its attention on advancing the exploration of its 100% owned copper-rich VMS Marg project located near Keno City, Yukon. We look forward to commencing our planned exploration program at Marg this summer."

Binding LOI summary of terms:

BSRT agrees to exercise the conversion option under the Loan Agreement to convert the Loan into 46,925,500 common shares of the Company upon which the Loan will be paid and the Loan Agreement will be automatically terminated, and each party will be mutually released from all obligations under the Loan Agreement. BSRT shall be under no obligation to exercise the option to convert under the Loan Agreement unless and until BSRT has been granted the Unkur Option and all regulatory approvals required to exercise such option (including, if necessary, shareholder approval) have been obtained.

In consideration of US\$1.00 and BSRT waiving all accrued interest otherwise due under the Loan Agreement to the date of conversion, the Company agrees to grant BSRT the option to acquire the Unkur project, located in Russia, on the following terms:

The Unkur Option will be exercisable from the date of termination of the Loan Agreement until December 31, 2023, after which, if not previously exercised by BSRT, the Unkur Option will automatically expire.

The Company will use its best efforts (while recognizing that sanctions and other force majeure circumstances may prevent these efforts), to maintain the corporate existence of its subsidiaries and its licences, including the Unkur project, on a care and maintenance basis during the Option Period.

If the Unkur Option is exercised by BSRT and Unkur is subsequently sold to an arms length third party within 2 years of the date of the exercise of the Unkur Option by BSRT, proceeds from the sale of the Unkur project will be shared between the Company and BSRT based on an agreed upon formula. During the Option Period the Company will grant BSRT a ROFR (right of first refusal) to match any third party offer received by the Company for the Unkur project. The parties agree to use reasonable efforts to work together during the Option Period to find potential buyers for the Unkur project.

The Company will move immediately to the preparation of a definitive agreement and related documents in consultation with BSRT and its counsel and move to obtain receipt of regulatory approvals as required. Such

definitive documentation will reflect the terms and conditions described in the Binding LOI.

### Contingent Liability

In addition to the BSRT debt conversion, the rights to a US\$6,200,000 milestone payment held by the original vendors of the Unkur project, has been cancelled. This milestone payment would have been owed if a mineral resource (adding measured, indicated and inferred resources of all deposits within the Unkur Project area) containing copper and silver to the equivalent of two million tonnes or more of copper where measured plus indicated resources comprise at least 70% of that estimate, taking the value of silver as copper equivalent had been estimated. This milestone payment was part of the terms of the acquisition of the Unkur Project in March 2016.

### Marg Project

The Company owns 100% of the high-grade copper-rich VMS Marg project within the Keno Hill Silver District of the Yukon Territory. As previously announced, the Company is reviewing and re-interpreting the historic VTEM database of the airborne geophysical program to be used to refine the drill targets for the Company's planned 2022 exploration program. Drilling is expected to focus on the Marg deposit extensions and the highly prospective Jane Zone, which has the potential for another Marg-style deposit. Mineralization at the Marg project remains open along strike, down-dip and down plunge and drilling will be aimed at defining 14 to 15 million tonnes of mineralized material.

Planning for the 2022 exploration program has commenced. The program will begin with rebuilding the exploration camp and mobilizing equipment in June, drilling from July to September and disseminating drill results as available from September to November. An experienced geologist in VMS deposits and a full-service contractor has been engaged to execute and oversee this plan.

### BSRT Early Warning Disclosure

BSRT currently owns 11,601,786 Shares, representing 8.9% of the issued and outstanding common shares of Azarga Metals. Upon conversion of the Loan, BSRT will acquire an additional 46,925,500 Shares, representing 36.0% of the issued and outstanding common shares of Azarga Metals (pre-conversion), to own an aggregate of 58,527,286 Shares, representing 33.0% of the issued and outstanding common shares of Azarga Metals and an increase of 24.1% of the enlarged share capital from the percentage of the Shares BSRT currently owns, pre-conversion.

BSRT also currently owns 20,440,914 warrants of the Company, each exercisable at a price of C\$0.10 per warrant until December 31, 2022. Following conversion of the Loan and assuming exercise by BSRT of these warrants, BSRT would own 67,366,414 Shares of the Company, representing an aggregate ownership interest of approximately 34.0% of the issued and outstanding common shares of Azarga Metals (post-conversion and post-issuance of the warrants).

BSRT, Arnold House, St Julians Avenue, Guernsey, GY1 1WA holds the common shares for investment purposes. Depending on market conditions and other factors, BSRT may from time to time acquire and/or dispose of securities of Azarga or continue to hold its current position.

A copy of the early warning report required to be filed with the applicable Canadian securities commissions in connection the transaction will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and can be obtained by contacting Tino Isnardi at +44 (0) 20 7389 0009.

[Azarga Metals Corp.](#)

"Gordon Tainton"

Gordon Tainton,  
President and CEO

For further information please contact: Doris Meyer, at +1 604 536-2711 ext. 3 or visit [www.azargametals.com](http://www.azargametals.com). The address of the head office of Azarga Metals is Unit 1 - 15782 Marine Drive, White Rock, BC V4B 1E6, British Columbia, Canada.

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 release.

This news release contains forward looking statements within the meaning of applicable securities laws. The use of any of the words "ambition", "estimate", "concluded", "offers", "objective", "may", "will", "should", "potential" and similar expressions are intended to identify forward looking statements. In particular, this news release contains forward looking statements concerning the: conversion of the Loan Agreement into common shares of the Company, execution of a definitive agreement memorializing the terms of the Unkur Option, receipt of any required regulatory approvals of the Unkur Option and the planned 2022 exploration program for the Marg project. Although the Company believes that the expectations and assumptions on which the forward looking statements are based are reasonable, undue reliance should not be placed on the forward looking statements because the Company cannot give any assurance that they will prove correct. Since forward looking statements address future events and conditions, they involve inherent assumptions, risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of assumptions, factors and risks. These assumptions and risks include, but are not limited to, assumptions and risks associated with the completion of other conditions precedent to the Loan Conversion and the Unkur Option, including the receipt of regulatory approvals, the state of equity financing markets, and results of future exploration activities by the Company, including the planned 2022 exploration program at the Marg project. Management has provided the above summary of risks and assumptions related to forward looking statements in this news release in order to provide readers with a more comprehensive perspective on the Company's future operations. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. These forward looking statements are made as of the date of this news release, and, other than as required by applicable securities laws, the Company disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

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