

Imperial Metals Corp. Announces \$45 Million Non-Brokered Private Placement of Convertible Debentures

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VANCOUVER, Aug. 05, 2022 - [Imperial Metals Corporation](#) (the "Company") (TSX:III) announces its intention to secure additional financing for the restart of the Mount Polley Mine by way of a non-brokered private placement of \$45 million aggregate principal amount of convertible debentures (the "Convertible Debentures").

The Mount Polley mine is currently operating at targeted production rates. However, the restart took longer than planned due to difficulties in hiring operating personnel, supply chain challenges and unanticipated electrical and mechanical work. This, together with lower copper prices, caused a shortfall in revenues compared to budget. In addition, the rights offering was not fully subscribed resulting in a shortfall in budgeted equity financing. Due to these reasons, the Company now seeks additional funding by way of a Convertible Debenture financing.

In the week following the repair of a key electrical component on July 27th, the concentrator produced concentrate containing approximately 336,000 pounds of copper and 550 ounces of gold against the budget for the initial week following start-up of 188,403 pounds of copper and 495 ounces of gold.

The Convertible Debentures will have a 5 year term ending August 31, 2027. Each \$3.20 of the principal amount will be convertible into one common share of the Company. The Convertible Debentures are not callable unless the closing price of Company's common shares exceeds 140% of the conversion price for at least 30 consecutive days. Interest at 8% per annum will be payable semi-annually in cash with the first payment due on February 28, 2023.

The conversion premium on the common share price under the Convertible Debenture is approximately 13.89% of the volume weighted average trading price of the common shares on the TSX for the 5 day period ending on August 5, 2022. Up to 14,062,500 common shares are expected to be issued if all the Convertible Debentures issuable were converted into common shares of the Company, subject to definitive terms and conditions and required approvals from the TSX. N. Murray Edwards, the largest shareholder of the Company, has advised that he intends to purchase between \$30 million and \$35 million of the Convertible Debentures.

The issuance of the Convertible Debentures involves certain related parties (as such term is defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101")), including Mr. Edwards, which constitutes related party transactions under MI 61-101. These transactions are exempt from the formal valuation requirement of Section 5.4 of MI 61-101 and the minority approval requirement of Section 5.6 of MI 61-101 as neither the fair market value of the Convertible Debentures issued to related parties, nor the consideration for such Convertible Debentures, exceed 25% of the Company's market capitalization.

This news release does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Convertible Debentures, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

About Imperial

Imperial is a Vancouver based exploration, mine development and operating company with holdings that include the Mount Polley mine (100%), the Huckleberry mine (100%), the Red Chris mine (30%). Imperial also holds a portfolio of 23 greenfield exploration properties in British Columbia.

Company Contacts

[Imperial Metals Corporation](#)

Brian Kynoch | President | 604.669.8959

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this news release are not statements of historical fact and are "forward-looking" statements. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, statements regarding the Company's expectations with respect to the mine restart plans at Mount Polley including maintenance issues and costs; the budgeted subscription of the recent rights offering; and the issuance of the Convertible Debentures including with respect to the anticipated terms, interest payable and expected purchasers.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In making the forward-looking statements in this news release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions. These factors and assumptions and beliefs and assumptions include the assumption that the private placement of convertible debenture will be completed on the announced terms, as well as the risk factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, many of which are beyond the Company's ability to control or predict. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and all forward-looking statements in this news release are qualified by these cautionary statements.

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