

# Gold Mountain Announces Financing of \$6.5 Million by Way of Issuance of a Convertible Debenture

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VANCOUVER, August 15, 2024 - [Gold Mountain Mining Corp.](#) (" Gold Mountain " or the " Company ") (TSX:GMTN)(OTCQB:GMTNF)(FRA:5XFA) announces that it is raising \$6.5 million by way of issuance of a convertible secured debenture (the " Convertible Debenture ") to a choomEEnsh a Nlaka'pamux LP (the " Investor "). The Convertible Debenture will be convertible at the Investor's option into 81,250,000 common shares at a conversion price of \$0.08 per share. The Convertible Debenture will mature on the date that is ten (10) years from the date of issuance and will accrue interest at the rate of 10.0% per annum, calculated monthly and payable in cash in arrears on each anniversary date from the date of issuance. The Convertible Debentures may be prepaid in whole or in part, at the option of the Company. The Investor is an affiliate of the Nhwelmen Construction GP Ltd. (" Nhwelmen ") who is an existing insider of the Company. Nhwelmen currently holds a convertible debenture which is secured by a second-priority security interest over all of the assets of the Company including its current and after-acquired property and the security for the Convertible Debenture will be evidenced by the general security agreement dated effective March 10, 2024 between the Company and Nhwelmen. The offering of the Convertible Debenture is subject to customary closing conditions including final Toronto Stock Exchange (" TSX ") approval.

The maximum number of securities issuable, assuming the conversion of the Convertible Debenture, will be 81,250,000 common shares representing 10.24% of the issued and outstanding common shares of the Company on a pre-transaction, non-diluted basis. The transaction noted above was negotiated at arm's length and there will be no effect on control.

## Insider Participation

Nhwelmen currently own 216,666,667 common shares of the Company, representing approximately 27.30% of the issued and outstanding common shares of the Company and is therefore an "insider" of the Company for purposes of the TSX Company Manual and a "related party" of the Company pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (" MI 61-101 "). As an affiliate of Nhwelmen, the Investor is also considered to be an "insider" of the Company for purposes of the TSX Company Manual and a "related party" of the Company pursuant to MI 61-101. Assuming full conversion of the Convertible Debenture, Nhwelmen and its affiliates, being the Investor, would own 297,916,667 common shares representing 34.05% of the Company's common shares, on a non-diluted basis.

The issuance of the Convertible Debenture to the Investor is a "related party transaction" within the meaning of MI 61-101. The Company's Special Committee (as defined below) have determined that the Company meets the financial hardship requirements of Section 5.5(g) and Section 5.7(1)(e) of MI 61-101, respectively, as the Convertible Debenture is designed to improve the financial position of the Company, and the terms of the transaction is reasonable in the circumstances of the Company.

## Special Committee

A special committee of the board of directors of the Company (the " Special Committee ") was constituted and considered the fairness of the Convertible Debenture and related matters. The Special Committee is comprised of the independent directors. The Special Committee has determined that the Convertible Debenture is reasonable for the Company in the circumstances and recommends that the Company proceed with the issuance of the Convertible Debenture.

## Security Holder Approval

Pursuant to Section 604(a)(ii) and Section 607(g)(ii) of the TSX Company Manual, as the Company will be

providing consideration to the Investor, which is an affiliate of a current insider of the Company, in aggregate of 10% or greater of the market capitalization of the Company during a six-month period, the TSX requires security holder approval with respect to the issuance of the Convertible Debenture. Instead of seeking security holder approval at a duly called meeting of security holders, the TSX is permitting the Company, pursuant to section 604(d) of the TSX Company Manual, to provide written evidence from more than 50% of the voting securities of the Company held by disinterested shareholders who are familiar with the terms of the transactions. The vote of the disinterested shareholders will exclude the 216,666,667 common shares of the Company currently held by Nhwelmen which represents approximately 27.30% of the issued and outstanding common shares of the Company.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

#### About Gold Mountain

Gold Mountain is a British Columbia based gold and silver production, exploration and development company focused on the development of the Elk Gold Mine, a producing mine located 57 kilometers from Merritt in South Central British Columbia. Additional information is available at [www.sedar.com](http://www.sedar.com) or on the Company's new website at [www.gold-mountain.ca](http://www.gold-mountain.ca).

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#### Forward-Looking Statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation regarding the closing of the Convertible Debenture and the timing of the same, the ability of the Company to continue as a going concern, the impact of the issuance of the Convertible Debenture on the Company and the results thereof, including that it will allow the Company to address its significant working capital deficiency and provide operating capital to the Company so that it can go forward as a viable going concern, receipt of the regulatory and TSX approval, and the ability for the Company to continue to restart the mine, thereby significantly improving the Company's financial situation. Forward-looking statements include statements that are based on assumptions as of the date of this news release and are not purely historical including any information relating to statements regarding beliefs, plans, expectations or intentions regarding the future and often, but not always, use words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive board, shareholder or regulatory approvals; the price of gold; and the results of current exploration. There can be no assurance that such 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. Gold Mountain disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this News Release.

SOURCE: Gold Mountain Mining Corp

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