

Hudson Resources and Lenders Agree to Debt Restructuring and Capital Injection Into the White Mountain Anorthosite Mine in Greenland

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VANCOUVER, Aug. 04, 2020 - [Hudson Resources Inc.](#) (the "Company"; or the "Company") (TSX Venture Exchange "HUD"; OTC "HUIRF") is pleased to announce that, further to its news release of June 11, 2020, it has entered into definitive agreements (the "Definitive Agreements") with its existing lenders, Cordiant Capital Inc. and its affiliates (the "Cordiant") and Romeo Fund Flexi and its affiliates (the "Romeo") (together with Cordiant, the "Lenders"), to restructure the outstanding debt on the White Mountain Anorthosite mine, held by the Company's subsidiary Hudson Greenland A/S (the "Hudson Greenland"), and to provide an injection of working capital to ensure the stability of the mine going forward.

Debt Restructuring

Pursuant to the terms of the Definitive Agreements, the Company, Hudson Greenland and the Lenders amended the existing loan facilities (the "Loan Facilities") between the parties to, among other things:

- Convert approximately US\$13.7M, of the existing debt of US\$42M owed to the Lenders pursuant to the Loan Facilities, into preferred shares of Hudson Greenland, thereby reducing the Company's interest payments substantially.
- Extend the maturity of the Loan Facilities from July 15, 2025 to January 15, 2028 and push out the first principal payment payable under the Loan Facilities from January 15, 2021 to January 15, 2023;
- Cancel all inter-company debt owed by Hudson Greenland to the Company;
- Reduce the interest rate of the US\$10M backstop facility (announced December 18, 2019) from 20% to 9.5% over LIBOR;
- Amend the interest payments terms of the Loan Facilities to enable the Company to pay interest to the Lenders on the consolidated and reduced principal amount every six months in arrears; and
- Give Hudson Resources the option to buy back its interest from the Lenders for 200% of the subscription price.

The conversion of existing debt into preferred shares of Hudson Greenland pursuant to the Definitive Agreements will result in the Lenders holding approximately 69% of Hudson Greenland. Additionally, the Lenders will have the right to each nominate one director to the Hudson Greenland board, which will be comprised of four members, including one member from Greenland Ventures, a government investment fund that holds eight million shares of [Hudson Resources Inc.](#)

Convertible Debenture Financing

In connection with the debt restructuring, Hudson Greenland has agreed to issue a convertible debenture in the amount of US\$10M (the "Debenture") to the Lenders, to provide funding directly into Hudson Greenland. The Debenture has a maturity date of five years from the date of issuance and will be convertible into preferred shares in the capital of Hudson Greenland. The Debenture will not bear interest and will not confer voting rights on the Lenders until conversion of the Debenture, in accordance with its terms.

The Debenture ranks pari passu with Hudson Greenland's other unsecured and unsubordinated debt. In the event the Debenture is converted in full, the Lenders' ownership interest in Hudson Greenland would increase to approximately 79%.

Hudson Greenland will use the proceeds of the Debenture for working capital and general corporate purposes, as approved by Hudson Greenland's board of directors (the "Hudson Greenland Board").

This debt restructuring and new capital injection do not dilute the Company's shareholders. These transactions demonstrate the Lenders' commitment to Hudson, the Government of Greenland and Hudson's shareholders, who will benefit from this new agreement. As a result of these transactions, the Lenders will become partners going forward which will help the Company realize the true value of this unique anorthosite mine and its many green applications.

Jim Cambon, President commented: "I am very pleased that we have concluded an agreement with our lenders that provides a solid path forward for the White Mountain mine including the injection of US\$10M in working capital without dilution to the Hudson Resources share structure. Our lenders are now our partners and our interests are aligned in growing the mine into a successful business producing green products in numerous revenue streams. Importantly, we have retained the right to regain full ownership of Hudson Greenland in the future". We look forward to getting the mine back up and running in short order.

This debt restructuring and new capital injection are subject to (i) approval of the TSX Venture Exchange and the satisfaction of any conditions to final approval that may be imposed by the TSX Venture Exchange, (ii) receipt of the consent of the Minister of Mineral Resources of Greenland in respect of the change of control of Hudson Greenland, and (iii) other conditions which are customary for transactions of this type.

Aside from its ownership in the White Mountain anorthosite mine through Hudson Greenland, the Company also holds 100% of the Sarfartoq rare earth element (REE) and niobium/tantalum exploration license in Greenland. The Company expects to commence activities on the Sarfartoq license in the coming weeks with an initial focus on the high-grade niobium project.

<https://hudsonresourcesinc.com/projects/niobium-and-tantalum/>

Hudson has commenced activities to take the White Mountain mine from care and maintenance to full operations. [Hudson Resources Inc.](#) will continue to provide operational, sales and marketing expertise to Hudson Greenland. There are still some travel restrictions due to the global pandemic, but Hudson has been given permission from the Greenlandic Government to mobilize the team back to the site and commence operations. Blasting has already recommenced, and the plant is expected to start up in the next two weeks.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jim Cambon"

President and Director

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Forward-Looking Statements

This news release includes certain forward-looking statements or information. All statements other than statements of historical fact included in this news release, including, without limitation, statements regarding the Company's terms of the proposed debt restructuring, the Company's anticipated use of proceeds of the Debenture and other future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include the outcome of shareholder and regulatory approval for conversion of the Debenture, market prices, general economic, market or business conditions, regulatory changes, timeliness of government or regulatory approvals and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. Issuance of the Debenture remains subject to certain conditions and there is no assurance that those conditions will be met. The Company expressly 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 otherwise required by applicable securities legislation.

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.

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