

Caldas Gold Announces Terms for Private Placement Offering of Up to US\$90 Million of Subscription Receipts

24.08.2020 | [GlobeNewswire](#)

TORONTO, Aug. 24, 2020 - [Caldas Gold Corp.](#) (TSX-V: CGC; OTCQX: ALLXF) (“Caldas Gold” or the “Company”) announced today that it has settled terms for the proposed issuance and sale of up to 90,000 subscription receipts (“Subscription Receipts”) at a price of US\$1,000 per Subscription Receipt (the “Issue Price”), on a fully-marketed private placement basis, for aggregate gross proceeds to Caldas Gold of up to US\$90,000,000 (the “Offering”). The terms of the Offering were negotiated with Scotiabank and Canaccord Genuity Corp., as co-lead agents (the “Co-Lead Agents”) on behalf of a syndicate of agents including Stifel Nicolaus Canada Inc. and Red Cloud Securities Inc. (collectively with the Co-Lead Agents, the “Agents”), and will be reflected in an agency agreement to be entered into between the Company and the Agents on or prior to closing of the Offering.

Serafino Iacono, Chairman and CEO of Caldas Gold, commented, “We are very pleased to announce the determination of the final terms of this Offering and to move it towards closing. We anticipate raising US\$80 million to US\$90 million in the Offering, which will complete yet another step in securing the financing required to fund the expansion of Caldas Gold’s mining operations in the Deeps Zone at our Marmato Project located in the Department of Caldas, Colombia.”

Closing of the Offering is expected to occur on or about August 26, 2020, or such other date as the Co-Lead Agents and Caldas Gold may agree (the "Closing Date"). The net proceeds of the Offering are expected to be used by Caldas Gold for the expansion of the underground mining operations at its Marmato Project and to pay interest on the Notes (as described below) during the first two years following their issuance.

Description of Notes and Warrants Underlying the Subscription Receipts

The Subscription Receipts shall be issued pursuant to a subscription receipt agreement (the “Subscription Receipt Agreement”) to be entered into on the Closing Date among the Company, the Co-Lead Agents and Odyssey Trust Company as subscription receipt agent (the “Subscription Receipt Agent”). Upon the satisfaction of certain release conditions (the “Release Conditions”), as described in more detail below) to be contained in the Subscription Receipt Agreement (the “Conversion Event”), each Subscription Receipt shall convert into one unit comprising one senior secured gold-linked note in a principal amount of US\$1,000 (a “Note”) and 200 common share purchase warrants of the Company (“Warrants”). Each Warrant will entitle the holder thereof to acquire one common share of the Company (a “Common Share” and, in respect of each Common Share underlying a Warrant, a “Warrant Share”), at a price of CA\$2.75 per Warrant Share until July 29, 2025, subject to adjustment in certain circumstances. The Warrants will be created and issued pursuant to the terms and conditions of the warrant indenture previously entered into between the Company and Odyssey Trust Company, as warrant agent, and will have the same terms and conditions as the warrants issuable pursuant to the Company’s offering of special warrants that closed on July 29, 2020 (see the press release of the Company dated July 29, 2020).

Caldas Gold may accelerate the expiry date of the Warrants after July 29, 2023 in the event that the closing price of the Common Shares on the TSX Venture Exchange (or such other exchange on which the Common Shares may principally trade at such time) is greater than CA\$2.75 per share for a period of 20 consecutive trading days, by giving notice to the holders of Warrants of the acceleration of the expiry date and issuing a concurrent press release announcing same and, in such case, the Warrants will expire on the 30th day following the date on which such notice is given and press release issued.

The Notes shall be created and issued upon the occurrence of the Conversion Event pursuant to the terms

and conditions of a note indenture (the "Note Indenture") to be entered into among the Company and TSX Trust Company, in its capacity as trustee (the "Note Trustee"), and TSX Trust Company, in its capacity as collateral agent.

Certain material provisions of the Notes include:

1. The Notes will have a seven-year term and are non-callable throughout, except in the event that the License Renewal (as defined below) is not obtained.
2. The Notes will represent senior secured obligations of the Company, ranking pari passu with all present and future senior indebtedness, including the proposed Wheaton stream financing, and senior to all present and future subordinated indebtedness of the Company.
3. The Notes will bear interest at 7.5% per annum, paid monthly. The first monthly payment following the Conversion Event will be equal to the normal monthly interest payment, plus a fee equal to the amount of interest that would have been paid on each Note had interest accrued thereon from the Closing Date.
4. The Company has agreed to place a portion of the gross proceeds of the Offering (approximately US\$13.5 million assuming US\$90 million is raised) into an escrow account (the "Pre-Expansion Interest Account") to fund the first two years of interest while the Marmato Project is under expansion.
5. The Company has agreed to pay a floor price of US\$1,400 per ounce of gold as a minimum price (the "Floor Price") to be realized in calculating the value of the gold in the Gold Trust Account (as defined below); the Company has also agreed to use commercially reasonable efforts to hedge the Floor Price on a rolling four quarters basis.
6. Commencing in 2021 the Company will set aside an amount of physical gold each month in a trust account (the "Gold Trust Account"). On a quarterly basis, the physical gold in the Gold Trust Account will be sold and the sale proceeds will be used to amortize the principal amount of the Notes based on a guaranteed Floor Price of US\$1,400 per ounce. At any realized gold price below the Floor Price, the amortization will be based upon the Floor Price, but at any realized gold price above the Floor Price, the Notes will be amortized at a premium to par, so that the outstanding principal balance of the Notes will decline according to the schedule described below using the Floor Price and the difference being received by the investor as a premium. The scheduled annual number of physical gold ounces to be deposited (the "Deposited Ounces") into the Gold Trust Account will vary by year. Assuming US\$90 million is raised in the Offering, the schedule of Deposited Ounces will range from none in the first year, to 4,286 Deposited Ounces in the second year (an equivalent principal amount of Notes of US\$6.0 million), 6,000 Deposited Ounces in the third year (an equivalent principal amount of Notes of US\$8.4 million) and then 13,500 Deposited Ounces in each of years four through seven (an equivalent principal amount of Notes of US\$18.9 million) for a total of 64,286 Deposited Ounces (an equivalent principal amount of US\$90 million).
7. The Note Indenture governing the Notes will contain standard high yield covenants consistent with transactions of this nature.
8. Subject to minimum listing requirements, the Company will use commercially reasonable efforts to list the Notes and Warrants. There can be no assurance that a listing for the Notes or the Warrants will be obtained.

Intercreditor Agreement

Wheaton Precious Metals International Ltd. (the "Wheaton"), a wholly owned subsidiary of [Wheaton Precious Metals Corp.](#), and the Company are continuing to negotiate a precious metals streaming arrangement pursuant to a Precious Metal Purchase Agreement (the "PMPA"). If and when the PMPA and associated security are completed, Wheaton, as a senior secured lender, will enter into an intercreditor agreement with the Note Trustee, whereby Wheaton will be entitled to receive 15% of proceeds from or related to the assets secured by the Note Indenture and the PMPA realized through any enforcement, insolvency or bankruptcy proceeding, and the holders of the Notes will receive 85% of such proceeds.

Escrow of Funds

On the Closing Date, the gross proceeds from the Offering, less the Agents' commission and the Agents' expenses, will be held in escrow by the Subscription Receipt Agent, pending satisfaction of the following Release Conditions:

- either (a) four months and one day shall have passed following the Closing Date; or (b) a receipt (the "Receipt") shall have been issued for a (final) prospectus (the "Final Qualification Prospectus") by the securities regulatory authorities in each of the provinces of Canada, excluding Quebec, qualifying for distribution the Notes and Warrants issuable upon the conversion of the Subscription Receipts;
- the perfection of a first-ranking security interest, subject only to permitted liens and certain limited exceptions, in favour of the holders of the Notes over the assets of the Company and its subsidiaries as contemplated by the Note Indenture; and
- the execution and delivery of the Note Indenture, security and related documents specified in the Subscription Receipt Agreement to secure the assets of the Marmato Project and other assets of Caldas Gold.

The current mining license to operate the Marmato Project expires in October 2021, and the Company has applied for a renewal of that license for a minimum of 20 years (the "License Renewal"). The Company expects it will receive the renewal in the coming months. It will be a condition of the Note Indenture that upon the Conversion Event, the net proceeds of the Offering to be released pursuant to the Subscription Receipt Agreement (the "Escrowed Funds") will be released directly to the Company if the License Renewal has been obtained. However, if the License Renewal has not been obtained, the Escrowed Funds will be deposited into escrow with the Note Trustee, pending the receipt of the License Renewal. The only permitted withdrawal from the Escrowed Funds will be for the payment of interest on the Notes. Upon obtaining the License Renewal, the Escrowed Funds, net of the amount that is required to fund the Pre-Expansion Interest Account, will be released to Caldas Gold. If the License Renewal is not received by August 26, 2021, the Notes will be automatically redeemed, and the Escrowed Funds shall be used for the redemption of the Notes.

Other Information Regarding the Offering

Until a receipt is issued for the Final Qualification Prospectus, the Subscription Receipts (and any Common Shares and Warrants issued on exercise thereof) will be subject to a hold period under applicable Canadian securities laws expiring on the date that is four months and a day following the Closing Date.

The Closing of the Offering is subject to the completion of formal documentation, including but not limited to, the execution of an agency agreement with the Agents in connection with the Offering and receipt of regulatory approvals, including approval of the TSX Venture Exchange.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. 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 any State in which such offer, solicitation or sale would be unlawful.

About Caldas Gold

Caldas Gold is a Canadian junior mining company currently advancing a major expansion and modernization of its underground mining operations at its Marmato Project in the Department of Caldas, Colombia. Caldas Gold also owns 100% of the Juby Project, an advanced exploration-stage gold project located within the Shining Tree area in the southern part of the Abitibi greenstone belt about 100 km south-southeast of the Timmins gold camp.

Additional information on Caldas Gold can be found on its website at www.caldasgold.ca and by reviewing its profile on SEDAR at www.sedar.com.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation concerning the business, operations and financial performance of Caldas Gold. Forward-looking statements in this press release, which are all statements other than statements of historical fact, include, but are not limited to: the successful completion of the Offering; the anticipated size and terms

and conditions of the Offering; the expected timing and receipt of any required regulatory approvals for, and the closing of, the Offering; the satisfaction of the escrow release conditions attaching to the Subscription Receipts; the issuance of the Notes and Warrants and the anticipated terms and conditions thereof; the entering into of the PMPA with Wheaton and the entering into of the Intercreditor Agreement; the anticipated Licence Renewal; and the expected use of proceeds of the Offering. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Caldas Gold to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements include: the closing of the Offering is subject to certain termination rights of the Agents, and the other risk factors as described under the caption "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2019 dated as of August 17, 2020 which is available for view on SEDAR at www.sedar.com.

Forward-looking statements contained herein are made as of the date of this press release and Caldas Gold disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. 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, the reader is cautioned not to place undue reliance on forward-looking statements.

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This announcement does not constitute an offer of securities for sale in the United States, nor may any securities referred to herein be offered or sold in the United States absent registration or an exemption from registration as provided in the U.S. Securities Act of 1933 as amended (the "Securities Act") and the rules and regulations thereunder. The securities referred to herein have not been registered pursuant to the Securities Act and there is no intention to register any of the securities in the United States or to conduct a public offering of securities in the United States.

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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<https://www.minenportal.de/artikel/316923--Caldas-Gold-Announces-Terms-for-Private-Placement-Offering-of-Up-to-US90-Million-of-Subscription-Receipts.htm>

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