

Highland Copper completes a C\$25.3 Million Private Placement and the sale of non-core assets to Sweetwater Royalties

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LONGUEUIL, Aug. 30, 2021 - [Highland Copper Company Inc.](#) (TSXV: HI, OTCQB: HDRSF) (the "Company" or "Highland") is pleased to announce that, further to its news release dated August 3, 2021, it has completed the sale of its UPX properties located in the Upper Peninsula of the State of Michigan, U.S.A. to Sweetwater Royalties ("Sweetwater"), a privately held company owned by Orion Mine Finance ("Orion"), in exchange for cash consideration of US\$3 million, the assumption by Sweetwater of the US\$15 million principal amount owing under a promissory note, and other terms and conditions described below (the "Transaction").

The Company also announces that it has completed the first tranche of its previously announced non-brokered private placement (the "Offering") resulting in gross proceeds of C\$25,292,993. The first tranche of the Offering consisted of the issuance of 252,929,930 units ("Units") at a price of C\$0.10 per Unit. Orion, a 30% shareholder of the Company, subscribed for 62,310,000 Units under the first tranche of the Offering for an aggregate cash consideration of approximately C\$6.23 million.

Denis Miville-Deschênes, the Company's CEO stated: "We are extremely pleased to have completed the Transaction and financing. It has been a long process, but we can now focus our efforts on plans to develop both the fully-permitted Copperwood Project and the White Pine North Project."

Sale of UPX Minerals Inc.

The Company and its 100%-owned subsidiary Upper Peninsula Copper Holdings Inc. ("UPCH") completed the sale of all of the issued and outstanding shares of UPX Minerals Inc. ("UPX Minerals") to Sweetwater, for US\$3 million in cash and the assumption by Sweetwater of amounts owing under the secured promissory note (the "Note") in favor of RTX (as defined below). UPX Minerals holds a land package comprised of mineral rights and real properties in the Upper Peninsula, Michigan, originally acquired from Rio Tinto Nickel Company and Kennecott Exploration Company (collectively, "RTX") in 2017. The Transaction results in Sweetwater controlling approximately 447,842 mineral acres in the Upper Michigan area near the Eagle Mine. In connection with the closing of the Transaction, the Company was released from its guarantee of approximately US\$15 million owing under the Note.

C\$25.3 Million Private Placement of Units

The Company completed the first tranche of the Offering resulting in gross proceeds of C\$25,292,993. The first tranche of the Offering consisted of the issuance of 252,929,930 Units at a price of C\$0.10 per Unit. Each Unit consisted of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to acquire one common share at C\$0.18 until August 27, 2023. In connection with the completion of the first tranche of the Offering, the Company paid cash finder's fees in the aggregate amount of C\$54,500.

Certain insiders of the Company acquired Units in the first tranche of the Offering, including Orion. Orion's shareholding in Highland following the completion of the first tranche of the Offering is approximately 28%. Participation by insiders in the first tranche of the Offering, in each case, is considered to be a "related party transaction" as defined under MI 61-101 (as defined below). However, such participation, including by Orion, is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

The second tranche of the Offering of up to an additional 12 million Units for gross proceeds of up to

approximately C\$1,200,000 is expected to close during the week of August 30, 2021. The Offering is subject to final acceptance by the TSX Venture Exchange upon filing of final documentation.

Settlement of Credit Facility and Use of Proceeds

On closing of the Transaction and Offering, the Company settled all amounts due to Osisko Gold Royalties Ltd and Greenstone Resources LP pursuant to a Credit Agreement dated May 20, 2019 (including accrued interest), for a total amount of US\$6,337,704. The Company will use the balance of the proceeds of the Offering, or approximately C\$17.2 million, to advance the development of the Copperwood and White Pine North projects and for general working capital purposes.

Corporate Change

Concurrently with the closing of the Transaction and Offering, as part of the Company's previously announced Board renewal process, long time director David Fennell will step down as Executive Chairman, effective today but will remain on the Board as an outside director until the next annual meeting of the Company to be held in December 2021.

Denis Miville-Deschênes commented: "Mr. Fennell has been instrumental in accumulating high-quality copper assets in the Upper Peninsula, Michigan, including the Copperwood and White Pine North projects, and setting the Company up for future success. We sincerely thank Mr. Fennell for his many contributions to the Company."

Related Party Disclosure

Sweetwater, an affiliate of Orion, is considered to be a "related party" of the Company under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and the Transaction is considered to be a "related party transaction" under the MI 61-101. In addition, Orion Mine Finance Fund III LP, an affiliate of Orion, participated in the Offering and acquired 62,310,000 Units of the Company, and Greenstone Resource Partners, a party that held over 10% of the outstanding shares of the Company prior to the Transaction and Offering, also participated in the Offering and acquired 36,635,620 Units.

The Company relied on the exemption from the valuation and minority approval requirements provided by subsections 5.5(b) Issuer Not Listed on Specified Markets and 5.7(1)(e) Financial Hardship of MI 61-101. The Company does not have any securities listed on the markets specified in subsection 5.5(b). The Company is relying on the exemption from minority shareholder approval in subsection 5.7(1)(e) of MI 61-101 as the Transaction and Offering address the financial hardship of the Company. The Transaction and Offering are designed to improve the financial position of the Company and meets the criteria set out in subsection 5.5(g) of MI 61-101. See the Company's material change report dated August 11, 2021 filed under the Company's profile on SEDAR at www.sedar.com.

Cautionary Statement

The Offering is being conducted in reliance upon certain prospectus and private placement exemptions. The securities issued under the private placement will be subject to a hold period expiring four months and one day after the closing date. The securities have not been and will not be 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 does 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 jurisdiction in which such offer, solicitation or sale would be unlawful.

Certain statements contained in this news release constitute forward looking information under the provisions of Canadian securities laws, including statements about plans to complete and timing of the second tranche of the Offering, regulatory approvals, the use of funds, the settling of all of the Company's liabilities and the anticipated effect on the Company's ability to advance its Copperwood and White Pine North projects. The information contained herein reflects Highland's views as of the date of this news release. Forward looking

information is based on assumptions, and by its nature is subject to risks and uncertainties that may cause actual future events to differ materially from those anticipated in it. There can be no assurance that the second tranche of the Offering will be completed on the terms announced or at all, and that the use of proceeds will be as contemplated. The Company does not intend, and does not assume any obligation, to update forward-looking information, except as required by law. Accordingly, readers are advised not to place undue reliance on forward-looking information.

About Highland

[Highland Copper Company Inc.](#) is a Canadian company focused on exploring and developing copper projects in the Upper Peninsula of Michigan, U.S.A. Information about the Company is available on SEDAR at www.sedar.com and on the Company's website at www.highlandcopper.com.

About Sweetwater

Sweetwater is a base metals and industrial minerals royalty company holding significant surface and mineral acreage in Wyoming, Utah, Colorado and Michigan with multiple avenues for organic growth; Sweetwater provides its partners with opportunities to develop natural resources as well as access to grazing and the renewable energy sector. In addition to its cornerstone Trona royalties and internal growth opportunities, Sweetwater is focused on capturing new base metal, industrial mineral and renewable energy royalties in stable mining jurisdictions.

Further information about Sweetwater is available at www.sweetwaterroyalties.com.

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.

For further information, please contact:
Denis Miville-Desches, President & CEO
Tel: +1.450.677.2455
Email: info@highlandcopper.com

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