

Cotec Holdings Corp. Provides Update On Proposed Change Of Business Transaction

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Announces Proposed Private Placement of Subscription Receipts For Gross Proceeds of up to \$12 million

VANCOUVER, January 26, 2022 - [CoTec Holdings Corp.](#) (TSX.V:CTH.H) (the "Corporation") is pleased to provide an update with respect to its previously announced proposed change of business from mineral exploration to an investment issuer (the "Proposed COB") under the rules of the TSX Venture Exchange ("TSXV").

Subject to the receipt of all necessary regulatory and shareholder approvals, including approval by the TSXV of the Proposed COB, following completion of the transactions described below (the "Proposed Transactions"), the Corporation intends to become a Tier 2 Investment Issuer focused on investments in disruptive technologies in the mineral extraction industry.

For further information regarding the reasons for the Proposed COB and the Corporation's proposed investment strategy, please refer to the Corporation's press release dated December 10, 2021.

The Proposed Transactions

On December 10, 2021, the Corporation announced the Proposed COB and provided certain details regarding the following Proposed Transactions that the Corporation expects to form the basis of the Proposed COB:

- an aggregate investment of between US\$3.0M - US\$4.0 in Binding Solutions Limited ("BSL"), a UK based company governed by the laws of England and Wales that has developed a proprietary cold agglomeration technology for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles; and
- an AUS\$10 million capital commitment to a newly-formed Australian based venture capital fund that will be focused on investments in industrial technologies for heavy industries (the "Fund").

As previously disclosed, the Corporation has entered into a definitive subscription agreement dated December 10, 2021 regarding its investment in BSL. Completion of the investment is subject to a number of customary conditions, including completion of the Proposed Financing and receipt of all necessary TSXV, shareholder and board approvals. In connection with its investment in BSL, CoTec will also receive the exclusive right to apply the pelletization technology to reclamation non-ferrous metal assets in Canada and to reclamation ferrous and non-ferrous metals in Germany, Austria and the Netherlands. The application could be via one or more joint venture entities to be initially owned 50/50 by CoTec and BSL.

The Fund is Basic Industries Venture Fund I, LP, a limited partnership governed by the laws of New South Wales, Australia. The manager and general partner of the Fund are affiliates of RFC Ambrian Group Limited ("RFC Ambrian"), an Australian corporation that is an experienced institutional investor and adviser in the resources, energy and basic industries. The Fund is seeking total capital commitments of AUS\$75 million and is targeting an initial closing in the first quarter of 2022. The Fund will have a ten year term (subject to extension by the general partner for up to two consecutive one year periods), and will provide that the limited partners will receive, prior to any distributions to the general manager, a return of their capital contributions plus an 8% preferred return after which distributions will be allocated 20% to the general partner and 80% to the limited partners. Capital commitments (including the Fund's capital commitment) will be funded based on capital calls made at the discretion of the general partner during an investment period of five years from the initial closing.

The Corporation has finalized the terms of its subscription into the Fund and intends to sign a binding

subscription agreement following the completion of the Proposed Financing (as defined below). Completion of the Corporation's subscription into the Fund will be subject to a number of customary conditions, including receipt of all necessary TSXV, shareholder and board approvals.

In connection with its investment in the Fund, CoTec expects to enter into an agreement with RFC Ambrian pursuant to which CoTec will have certain co-investment rights with respect to investments by RFC Ambrian in projects that utilize technologies in which the Fund has invested.

Non-Arm's Length Transaction and Sponsorship

RFC Ambrian is an independent third party without any involvement of any related party to the Corporation. Therefore, the Corporation's proposed investment in the Fund is an arm's length transaction.

A company affiliated with Julian Treger, the Corporation's Chief Executive Officer designate and a director, is a significant investor in BSL. Therefore, the Corporation's investment in BSL is not an arm's length transaction. Given his interest in BSL, Mr. Treger has not been involved in the Corporation's evaluation of BSL or the negotiation of its investment in BSL.

As a result of the non-arm's nature of the proposed investment in BSL, the Proposed COB and the Proposed Transactions will require the approval of a majority of the Corporation's minority shareholders pursuant to TSXV rules, which the Corporation intends, subject to TSXV approval, to obtain by way of written consent.

Sponsorship of the Proposed COB is required unless an exemption is available or a waiver from this requirement can be obtained in accordance with the policies of the TSXV. The Corporation intends to apply for a waiver to the sponsorship requirement under Policy 2.2 of the TSXV, Sponsorship and Sponsorship Requirements. There is no assurance that a waiver will be granted.

Proposed Financing

In connection with the Proposed COB, the Corporation intends to complete a private placement of a minimum of 10,909,090 and a maximum of 21,818,181 subscription receipts ("Subscription Receipts") at price of \$0.55 per Subscription Receipt for gross proceeds of a minimum of \$6,000,000 and a maximum of \$12,000,000 (the "Proposed Financing"). The Corporation has retained Odeon Capital Group LLC ("Odeon") as agent in connection with sales of Subscription Receipts to investors in the United States. The Proposed Financing will be conducted on a non-brokered basis outside of the United States.

Immediately prior to closing of the Proposed Transactions, each Subscription Receipt will be exchanged for one common share of the Corporation (a "Common Share") and one common share purchase warrant of the Corporation (a "Warrant"), for no additional consideration. Each Warrant will be exercisable for one Common Share at an exercise price of \$0.75 per share for a period of 12 months from the issuance thereof. The gross proceeds of the Proposed Financing (net of the fees payable upon the closing of the Proposed Financing, as described below) will be held in escrow at which point they will be used to pay the balance of the fees described below, with the balance released to the Corporation.

The Corporation will use the net proceeds of the Proposed Financing to fund its investment in BSL, the initial drawdown of its subscription in the Fund and for working capital and general corporate purposes.

The Corporation will pay a cash fee to the Agent in an amount equal to 5% of the aggregate proceeds raised in the Proposed Financing from subscribers identified by the Agent. 50% of this fee will be payable at the closing of the Proposed Financing and 50% will be payable upon the exchange of the Subscription Receipts for Common Shares and Warrants. In addition, upon the exchange of the Subscription Receipts, the Corporation will issue to the Agent compensation warrants equivalent to 5% of the number of Subscription Receipts issued to subscribers identified by the Agent. Each compensation warrant will be exercisable for one Common Share at an exercise price of \$0.55 per share for a period of 36 months from the issuance thereof.

In connection with the non-brokered portion of the Proposed Financing, the Corporation will pay a cash

finder's fee to certain brokers whose clients participate in the Proposed Financing in an amount equal to 5% of the aggregate proceeds raised in the Proposed Financing from such subscribers. 50% of this fee will be payable at the closing of the Proposed Financing and 50% will be payable upon the exchange of the Subscription Receipts for Common Shares and Warrants. In addition, upon the exchange of the Subscription Receipts, the Corporation will issue to brokers whose clients participate in the Proposed Financing compensation warrants equivalent to 5% of the number of Subscription Receipts issued to such subscribers. Each compensation warrant will be exercisable for one Common Share at an exercise price of \$0.55 per share for a period of 36 months from the issuance thereof.

Certain insiders of the Corporation are expected to participate in the Proposed Financing, making the Proposed Financing a "related party transaction" as defined under Multilateral Instrument 61-101 - a "related party transaction" as defined under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Corporation intends to rely on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(1)(a) of MI 61-101 as the Corporation's shares are currently listed only on the NEX Board of the TSXV and neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, is expected to exceed 25% of the Corporation's market capitalization (as determined under MI 61-101). The material change report in connection with the Proposed Financing is not expected to be filed 21 days in advance of the closing of the Proposed Financing for the purposes of Section 5.2(2) of MI 61-101 on the basis that the subscriptions under the Proposed Financing are not expected to be finalized until shortly before the closing of the Proposed Financing.

The Subscription Receipts, and the Common Shares and Warrants issued upon the exchange of the Subscription Receipts, along with any Common Shares issued upon the exercise of the Warrants, shall be subject to a hold period ending on the date that is four months and one day following the completion of the Proposed Financing. The compensation warrants described above, along with any Common Shares issued upon the exercise of the compensation warrants, shall be subject to a hold period ending on the date that is four months and one day following the issuance of the compensation warrants.

Principals and Insiders

Upon completion of the Proposed COB, it is expected that:

- Julian Treger, currently a director of the Corporation, will assume the duties of President and Chief Executive Officer from Hendrik Dietrichsen, the current President and Chief Executive Officer and a director;
- Braam Jonker, currently a director of the Corporation, will assume the duties of Chief Financial Officer from Damien Forer, the current Chief Financial Officer;
- Margot Naudie will be appointed as a director; and
- Each of Mr. Dietrichsen and Mr. Forer will resign as a director and officer, as applicable.

As a result, upon the completion of the Proposed COB the directors and officers of the Corporation will consist of:

- Julian Treger - Director, President and Chief Executive Officer
- Lucio Genevose - Director and Chair of the Board
- Braam Jonker - Director and Chief Financial Officer
- John Conlon - Director
- Tom Albanese - Director
- Margot Naudie - Director

Mr. Conlon, Mr. Jonker and Mr. Treger are also each currently insiders of the Corporation by virtue of their ownership or control of Common Shares as follows:

- John Conlon - 5,950,062 Common Shares (25.8% of current outstanding)
- Braam Jonker - 6,931,611 Common Shares (30.1% of current outstanding)
- Julian Treger - 2,586,030 Common Shares (11.2% of current outstanding)

Assuming (i) completion of the Proposed Financing for gross proceeds of \$12 million and (ii) none of Messrs.

Conlon, Jonker or Treger participate in the Proposed Financing, Mr. Conlon and Mr. Jonker will each continue to own or control more than 10% of the outstanding Common Shares following completion of the Proposed COB but Mr. Treger will not.

Brief biographies of each of the proposed directors and officers of the Corporation, as noted above, are as follows:

Julien Treger - Chief Executive Officer

Mr. Treger is currently the Chief Executive Officer of [Anglo Pacific Group PLC](#). During his tenure at Anglo Pacific Group, he has made \$450m of acquisitions, transforming the business from a coal-based royalty business to a battery focused streamer, whilst increasing income from £3m in 2013 to close to £60m in 2019 pre-covid. Mr. Treger also serves as non-executive chairman of Audley Capital Advisors llp, an investment advisory firm focused on natural resources which has a long track record of transforming and unlocking considerable value in the commodities extraction space, notably at Western Coal Corp which it restructured pre bankruptcy and oversaw the sale a few years later at a value of \$3.3b, and at Mantos Copper, acquired from Anglo American for \$300m in 2015 and now worth well over \$1b. In addition, Mr. Treger holds external non-executive directorships with Mantos Copper S.A., Broadwell Capital and BSL plc. He has a BA from Harvard College and an MBA from Harvard Business School. Mr. Treger resides in the United Kingdom

Raffaele (Lucio) Genovese - Chair of the Board

Mr. Genovese has 33 years of experience in both the merchant and financial sector of the metals and mining Industry. Mr. Genovese is the CEO of Nage Capital Management in Baar, Switzerland. He is also Chairman of Ferrexpo plc and a member of the board of directors of Mantos Copper S.A. and Nevada Copper Corp. He was previously employed at Glencore International AG where he held several senior positions including CEO of the CIS region and manager of the Moscow office. Mr. Genovese is a Chartered Accountant and has a B.Comm and B.Acc from the University of Witwatersrand, Johannesburg (South Africa). Mr. Genovese resides in Switzerland.

Tom Albanese - Director

Mr. Albanese previously served as Chief Executive Officer of Rio Tinto plc from 2007 to 2013 and as Chief Executive Officer and Director of Vedanta Resources plc and Vedanta Limited from 2014 to 2017. He currently serves as Lead Independent Director of Nevada Copper Corp and as non-executive director of Franco-Nevada Corporation and previously served on the Board of Directors of Ivanhoe Mines Limited, Palabora Mining Company and [Turquoise Hill Resources Ltd.](#). He holds a Master of Science degree in Mining Engineering and a Bachelor of Science degree in Mineral Economics both from the University of Alaska Fairbanks. Mr. Albanese resides in the United States.

John Conlon - Director

Mr. Conlon has been involved in the mining industry since 1972, when he became an owner of a mining equipment supply company. In 1980, he became a major shareholder of a mining contracting company focusing on mine development and in 1995 he formed a company engaged in the business of repair and manufacturing of mining equipment. He was also a founding shareholder of [Golden Reign Resources Ltd.](#) (TSX.V-GRR). He serves or has served as a director of several companies including Cambrian Mining Plc (CBM: AIM), Mandalay Resources Corp. (MND: TSX), Coal International Plc, Xtract Energy Plc (XTR: LSE), and Western Canadian Coal Corp. Mr. Conlon resides in Canada.

Margot Naudie - Director

Ms. Naudie is a seasoned 25-year capital markets professional with expertise as Senior Portfolio Manager for North American and global natural resource portfolios. She has held senior roles at leading multi-billion-dollar asset management firms including TD Asset Management, Marret Asset Management Inc. and CPP Investment Board. Ms. Naudie is the President of Elephant Capital Inc. as well as Co-Founder of Abaxx Technologies Inc. She is a director of several public and private companies. Ms. Naudie holds an

MBA from Ivey Business School and a BA from McGill University. She is also a Chartered Financial Analyst. Ms. Naudie resides in Canada.

Abraham (Braam) Jonker - Chief Financial Officer & Director

Mr. Abraham Jonker currently serves as the Lead Independent Director of the Board of Directors of Mandalay Resources Corp (MND: TSX) and as Chief Financial Officer of [Cypress Development Corp.](#) (CYP: TSX). He is an accomplished financial leader in the mining industry with almost 30 years of experience. He has played a pivotal role in several business recoveries and restructurings, was a key team member in management and at the board level in the strategic growth of a number of public companies and has participated, raised and overseen the raising of more than \$750 million in the form of equity and debt instruments in the mining industry. He is a registered Chartered Accountant in British Columbia, (Canada), England, Wales and South Africa. He is also a member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Masters degree in South African and International Tax from the Rand Afrikaans University, South Africa. Mr. Jonker resides in Canada.

Trading Halt

Trading in the common shares of the Corporation were halted on December 10, 2021 and will remain halted until such time as determined by the TSXV, which may not be until completion of the Proposed COB.

For further information, please contact:

Braam Jonker - (604) 992-5600

Forward-Looking Information Cautionary Statement

Statements in this press release regarding the Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties, including statements relating to the expectation that the Proposed COB and the Proposed Transactions will be completed on the terms described herein or otherwise, as well as management's expectations with respect to the adoption of new technologies across the mineral extraction industry and the benefits to the Corporation which may be implied from such statements. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Completion of the Proposed COB is subject to a number of conditions, including but not limited to, execution of binding definitive agreements relating to the Proposed COB and TSXV and shareholder approval. There can be no assurance that the Proposed COB will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed COB, any information released or received with respect to the Proposed COB may not be accurate or complete and should not be relied upon.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed COB or proposed Transactions and has neither approved nor disapproved the contents of this press release.

Neither 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 news release.

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