

Huldra Obtains First Tranche of Dip Financing and Agrees to Engage Haywood Securities as Strategic Advisor

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 16, 2013) - [Huldra Silver Inc.](#) ("Huldra" or the "Company") (TSX VENTURE:HDA) announces that it has obtained a secured debtor-in-possession loan (the "DIP Loan") from Waterton Global Value, L.P. ("Waterton"), the primary secured creditor of the Company, pursuant to a credit agreement dated August 15, 2013 (the "Credit Agreement"). The DIP Loan was authorized by an initial order (the "Order") of the Supreme Court of British Columbia (the "Court") pursuant to the proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") previously announced in the Company's news release dated July 26, 2013.

Garth Braun, Chief Financial Officer and Director, stated: "The Company's strong relationship with Waterton has resulted in the parties working collaboratively during the CCAA process and in achieving the DIP Loan. The Company will have to work collaboratively with all other stakeholders during the CCAA process in order to maximize value for all stakeholders."

Credit Agreement

Under the terms of the Credit Agreement, the DIP Loan will be advanced by Waterton by way of a first advance, which will be advanced in several tranches, of up to \$2,300,000 in aggregate (collectively, the "First Advance") and a second advance (at Waterton's sole absolute discretion) of up to \$2,500,000 in aggregate (the "Second Advance" and together with the First Advance, the "Advances") upon receipt by Waterton of a comprehensive plan of operations from the Company for the Treasure Mountain Property that is satisfactory to Waterton and its advisors (the "Plan"), all on the terms and conditions set out in the Credit Agreement. The Company has agreed to repay the DIP Loan in full as follows: if the First Advance (but not the Second Advance) is advanced, then on the date which is four months after the date the First Advance is advanced by Waterton to the Company under the Credit Agreement; and if both Advances are advanced, then in accordance with an amortized repayment schedule to be determined by Waterton which reasonably corresponds to the Plan. Each tranche of each Advance is subject to a number of conditions as set out in the Credit Agreement.

Under the first tranche of the First Advance, the Company drew down \$1,189,024, of which \$502,671 was used to re-pay the principal and interest owed to Waterton pursuant to a \$500,000 promissory note dated July 8, 2013, \$115,000 of which was used to pay the costs and expenses of Waterton pursuant to the Credit Agreement, and the balance of \$571,353 was advanced to the Company. The proceeds of the first tranche will allow the Company to continue its care and maintenance program at its mine and mill while attempting to restructure its financial affairs.

Under the terms of the Credit Agreement, the obligations of the Company in connection with the DIP Loan have been secured by a super-priority court-ordered charge (the "Charge") over all present and after-acquired property, assets and undertakings of the Company, and by guarantees of each of the Company's subsidiaries in favour of Waterton. The Charge shall rank in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever, subject only to an administrative charge in favour of the Monitor and its counsel in an amount up to \$300,000, and a lien with respect to certain of the Company's leased premises in an amount up to \$25,000. The Company and its subsidiaries have entered into certain ancillary agreements to secure the obligations of the Company under the DIP Loan, including general security agreements, share pledge agreements with respect to the shares of the subsidiaries, and debentures with respect to the properties and mineral interests owned by Company and its subsidiaries. The Company also agreed to certain covenants and negative covenants as set out in the Credit Agreement. The Credit Agreement contains a number of events of default, including without limitation, the failure to make any payment to Waterton when due, the breach of, or failure to perform or observe any covenant, the failure to pay any other debt exceeding \$50,000 when due, the failure to perform any material agreement, any

judgment or order for the payment of money in excess of \$50,000.00 being rendered against the Company, certain events happening in the CCAA proceeding and a number of other enumerated events.

Any advances under the DIP Loan are repayable in an amount in cash equal to the aggregate of the following payments: (a) the amount arrived at when (i) dividing the amount being repaid by 76.5% of the spot price of silver on the business day immediately preceding such repayment date and (ii) multiplying the result thereof by such spot price; and (b) the Profit Participation Amount (as calculated pursuant to the Credit Agreement) relating to such repayment date.

The DIP Loan has received conditional approval of the TSX Venture Exchange (the "TSXV") and remains subject to final TSXV approval.

Royalty Agreement

In connection with and as partial consideration for the DIP Loan, the Company also entered into a Royalty Agreement with Waterton, whereby the Company granted to Waterton a 2% net smelter return royalty on the production of all minerals from the Treasure Mountain Property (the "Royalty"). The Royalty will be terminated if: no amounts are drawn by the Company under the DIP Loan on or before August 22, 2013; and the Company repays Waterton in full all amounts owing under the original credit agreement dated June 16, 2011 between the Company and Waterton, the term sheet dated July 23, 2013 between the Company and Waterton and the Credit Agreement on or before August 22, 2013.

CCAA Proceeding

CCAA protection stays creditors and others from enforcing rights against Huldra and affords Huldra the opportunity to continue attempting to restructure its financial affairs. The Court has granted CCAA protection for an initial period of 30 days, expiring August 26, 2013, to be extended thereafter as the Court deems appropriate. While under CCAA protection, Huldra will continue attempting to restructure its financial affairs and recommence operations at its mine and mill under the supervision of the Monitor. The Monitor will also be responsible for reviewing Huldra's ongoing operations, liaising with creditors and other stakeholders and reporting to the Court.

The Monitor will continue to work with the Company to develop a plan of compromise or arrangement with one or more of the Company's classes of creditors pursuant to the CCAA and the *Business Corporations Act* (British Columbia).

Strategic Advisory Agreement

The Company also announces that it intends to enter into an agreement with Haywood Securities Inc. ("Haywood") whereby Haywood would provide strategic advisory services to the Company, including the identification of alternatives to resolve the Company's current debt obligations and to unlock value from the Company's assets. The Company intends to pay Haywood a work fee and success fee depending on the outcome of the services provided. The terms of the agreement with Haywood are still being negotiated and may change. The final agreement is subject to the TSXV Approval.

On behalf of the Board of Directors

Garth Braun, CFO & Director

Disclaimer for Forward-Looking Information

This press release contains projections and forward-looking information that involve various risks and uncertainties regarding future events including: (i) that Huldra will be able to restructure its financial affairs, (ii) that Huldra will be able to recommence operations at its mine and mill, (iii) that Waterton will provide any additional advances under the DIP Loan, (iv) that Huldra and the Monitor will formulate a plan of compromise

or arrangement under the CCAA Proceeding acceptable to Waterton and the other creditors, (v) that the Court will approve of any proposed restructuring plan, (vi) that the Company and the Monitor will be able to implement any restructuring plan that has been approved, (vii) that a transaction that restructures the affairs of the Company in such a way that maximizes value to all stakeholders will be completed, (viii) that the Company and Haywood Securities will enter into the Advisory Agreement and that it will receive all required approvals for such agreement, and (ix) the timing and duration of CCAA protection. No assurance can be given that any of the events anticipated by the forward-looking statements will occur as planned or at all, or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) that Huldra is unable to secure additional financing or make arrangements with its creditors, (2) that Huldra will be unable to recommence operations at its mine and mill for any reason whatsoever, (3) that Waterton does not provide any additional advances under the DIP Loan, (4) that one or more of the conditions precedent to any advance under the DIP Loan is not satisfied, (5) that there may be competing uses for the proceeds of the DIP Loan, (6) that Huldra and the Monitor will not be able to agree upon a plan of compromise or arrangement or that such a plan, if agreed to by Huldra and the Monitor, is not acceptable to Waterton and/or other creditors for any reason whatsoever, (7) that Huldra may not have the funds required to reimburse Waterton for certain expenditures, (8) that any such plan of compromise or arrangement may not be approved by the Court, (9) that any plan of compromise or arrangement that is approved by the creditors and the Court may not be successfully implemented for whatever reason, (10) that any plan of compromise or arrangement that is approved by the creditors and the Court may not maximize value for all stakeholders, (11) that the timing and duration of CCAA protection may be shorter than expected, (12) that other parties may challenge the Order or any other order in the CCAA proceeding, (13) that other parties may challenge the Charge given to Waterton, (14) a downturn in general economic conditions in North America and internationally, (14) volatility and fluctuation in the prices of silver, lead and zinc, (15) volatility and fluctuation in the price of the Company's stock and stock of resource issuers generally, (16) the uncertainty involved in Court proceedings and the implementation of a plan of restructuring under the CCAA, and (17) other factors beyond the Company's control. Readers are cautioned that the foregoing list of factors is not exhaustive. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. Except as required by law, the Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change.

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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