

# Saint Jean Carbon Announces \$14.0 Million Convertible Debenture With Pala Investments

01.05.2014 | [Marketwired](#)

OAKVILLE, ONTARIO--(Marketwired - May 1, 2014) - [Saint Jean Carbon Inc.](#) ("Saint Jean" or the "Company") (TSX VENTURE:SJL) is pleased to announce that it has signed a letter agreement ("Letter Agreement") with Pala Investments Limited ("Pala") pursuant to which the Company intends to complete a non-brokered \$14,000,000 convertible debenture private placement ("Convertible Debenture Financing") and a \$600,000 bridge loan ("Bridge Loan Financing").

Paul Ogilvie CEO, commented; "We are very pleased by the support of Pala. The financing will help to ensure that Saint Jean is fully funded to close property transactions and from there we can start work on the properties, with a goal to move closer to future production. We look forward to providing our shareholders with a full project development time line in the coming months."

## Convertible Debenture Financing

Pala has committed to subscribe for up to \$14.0 million of a secured convertible debenture to be issued by Saint Jean, subject to completion of satisfactory due diligence on the Company by Pala, certain other conditions as described below and the approval of the TSX Venture Exchange. The convertible debenture will have an annual coupon of 12%, a term of 3 years and an initial conversion price of \$0.045 per share (subject to upward adjustment upon completion of the Share Consolidation as described below). The closing of Convertible Debenture Financing shall be subject to the following conditions:

1. successful completion of a share consolidation of the Company, if required by the TSX Venture Exchange, at a ratio that will result in the adjusted conversion price, post-consolidation, being not less than \$0.10 per share thereafter (or such other minimum price required by the TSX Venture Exchange) and otherwise in compliance with the rules and policies of the TSX Venture Exchange (the "Share Consolidation");
- I. successful completion of the acquisition of the Sri Lankan graphite project from Han Tal Graphite (Pvt) Ltd. on the terms announced by the Company on October 17, 2013 (the "Han Tal Transaction");
- I. prior approval by the TSX Venture Exchange and the shareholders of the Company of Pala as a Control Person of the Company;
- I. appointment of three Pala representatives to the Company's board of directors; and
- I. satisfaction of customary conditions for a financing of this type.

Upon successful completion of the Convertible Debenture Financing, the Company shall pay Pala a 2% arrangement fee on the entire principal amount along with a 1% standby fee for any undrawn portion of the principal amount. Should the Convertible Debenture Financing not close, the Company shall be obligated to pay Pala a break fee in the amount \$500,000 in certain instances.

The Company intends to close the Convertible Debenture Financing as soon as is practicable. The proceeds of the Convertible Debenture Financing shall be used to fund the development of the property which is the subject of the Han Tal Transaction and for general working capital purposes.

## Bridge Loan Financing

Pala has also committed to provide Saint Jean with a \$600,000 term loan bearing an interest rate of 18% per annum, which will loan will be secured as first charge against all of the assets of the Company. Subject to completion of satisfactory due diligence on the Company by Pala and regulatory approval, the Company anticipates receiving the term loan proceeds on or before May 31, 2014. Saint Jean intends to use the proceeds of the term loan to complete the Han Tal Transaction.

## About Pala

Pala Investments is an investment company focused exclusively on the mining sector with a strong track record of successful investments and value creation. Pala's team has extensive experience within the sector and seeks to assist companies in which it has long-term shareholdings by providing strategic advice and innovative solutions in development, production, turnaround and advanced exploration situations. Pala invests across all geographies and in all mining commodities as well as mining services and consumables. For more information, visit [www.pala.com](http://www.pala.com).

## About Saint Jean

Saint Jean is a publicly traded junior mining exploration company with a number of graphite mining claims on three 100% owned properties of the Company located in the province of Quebec in Canada. The three properties include the Walker property, a past producing mine, the Wallingford property and the St. Jovite property. The Company is led by a management team with in-depth experience in the graphite sector. For information on Saint Jean's other 4 properties and the latest news please go to the website [www.saintjeancarbon.com](http://www.saintjeancarbon.com).

**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 release.**

**FORWARD LOOKING STATEMENTS:** *This news release contains forward-looking statements, within the meaning of applicable securities legislation, concerning Saint Jean's business and affairs. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "intends" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or 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". Such forward-looking statements include those with respect the Company's ability to complete the Convertible Debenture Financing, the Bridge Loan Financing, the Han Tal Transaction and become a graphite producing company.*

*These forward-looking statements are based on current expectations, and are naturally subject to uncertainty and changes in circumstances that may cause actual results to differ materially. The forward-looking statements in this news release assume, inter alia, that the conditions for completion of this Convertible Debenture Financing, the Bridge Loan Financing, the Han Tal Transaction, including regulatory approval and shareholder approval, if necessary, will be met.*

*Although Saint Jean believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that these expectations will prove to be correct. There are risks which could affect Saint Jean's ability to complete the Convertible Debenture Financing, the Bridge Loan Financing, the Han Tal Transaction, and the future results of the Company which could cause actual results to differ materially from those expressed in these forward-looking statements including negotiation failure or delay, the impact of general global economic conditions and the risk that they will deteriorate, industry conditions, including fluctuations in the price of supplies and the risk that they will increase, that required consents and approvals from regulatory authorities will not be obtained, that activity in the lump or vein graphite business will not be at the level or of the nature anticipated, liabilities and risks inherent in Saint Jean's operations, technical problems, equipment failure and construction delay.*

*Statements of past performance should not be construed as an indication of future performance. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors, including those discussed above, could cause actual results to differ*

*materially from the results discussed in the forward-looking statements. Any such forward-looking statements are expressly qualified in their entirety by this cautionary statement.*

*All of the forward-looking statements made in this press release are qualified by these cautionary statements. Readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking information is provided as of the date of this press release, and Saint Jean assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required under applicable securities laws.*

## Contact

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<https://www.rohstoff-welt.de/news/172325--Saint-Jean-Carbon-Announces-14.0-Million-Convertible-Debenture-With-Pala-Investments.html>

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