

Western Potash Corp. Announces Signing of Subscription Agreement with Vantage Chance Limited for Exchangeable Debenture

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VANCOUVER, Aug. 15, 2023 - [Western Resources Corp.](#) (the "Company" or "WRX") (TSX: WRX) is pleased to announce today that Western Potash Corp. ("Western Potash"), the Company's 100% owned subsidiary, has signed an exchangeable debenture subscription agreement with Vantage Chance Limited ("Vantage"), pursuant to which Vantage will subscribe for a CAD\$10 million exchangeable debenture (the "Exchangeable Debenture") issued by Western Potash (the "Transaction").

Pursuant to the Exchangeable Debenture, within one year from the date of final operational completion date of Milestone Phase 1 Project, Vantage may choose to exercise an option to assign all or a portion of the outstanding principal amount, together with any accrued and unpaid interest (the "Exchangeable Amount"), to the Company, in exchange for such number of the Company's common shares (the "Exchange Shares") equal to the Exchangeable Amount divided by the Exchange Price then in effect, subject to a maximum number of 40,868,047 Exchange Shares (representing 10% of the total issued and outstanding WRX common shares on a non-diluted basis on the issue date) being issuable to Vantage. The Exchange Price is a price per common share of the Company equal to the 5-day volume weighted average trading price of the common shares of the Company immediately preceding the date that the exchange occurs. To the extent that the 40,868,047 Exchange Shares are insufficient to satisfy the entire Exchangeable Amount based on the then Exchange Price, any remaining Exchangeable Amount will be paid by Western Potash in cash.

The Transaction is expected to close by the end of September 2023. The purpose of the Transaction is to allow Western Potash to further enhance the production readiness of its Milestone Phase 1 Project. Vantage is a Hong Kong based private investment company that currently owns 53.76% of the issued and outstanding common shares of the Company. The Transaction will not materially affect control of the Company.

Other key terms of the Exchangeable Debenture include:

1. Maturity date is set for the later of (a) the date of repayment in full of the principal amount together with all accrued and unpaid interest; and (b) the date on which the Exchangeable Amount has been exchanged by Vantage pursuant to the Exchangeable Debenture, provided that in no event shall the maturity date occur prior to the date that Appian Capital Advisory LLP is repaid under the April 2022 term loan facility agreement (as amended) between Appian and Western Potash (the "Appian Repayment Date").
2. Interest rate is set at 12.5% per annum. Interest payable is calculated quarterly on an accrual basis, but no actual payment is made until the Appian Repayment Date, provided that Western Potash may make one or more cash payments to Vantage as Western Potash's financial condition permits.

The Exchangeable Debenture certificate and other material documents relating to the Transaction described in this news release will be filed and available under the Company's profile on SEDAR at www.sedarplus.ca.

At present, the Project is transitioning from the construction phase to the commissioning phase, after which it is expected to proceed to the start-up phase. Construction handover is expected to be completed this month, and the plant is expected to be ready for production by the end of September.

ON BEHALF OF THE BOARD OF DIRECTORS

Bill Xue
Chairman and CEO

Cautions Regarding Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as "anticipate", "continue", "estimate", "expect", "expected", "intend", "may", "will", "project", "plan", "should", "believe" and similar expressions (including negative variations), or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results of the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information that is set out herein, except in accordance with applicable securities laws.

For more information on the contents of this release please contact Jack Xue, Corporate Secretary, at 306-924-9378.

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