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Reorganisation of Loan Agreement and Equity Issue

Released 17:32 05-Apr-2017



RNS Number : 7267B
Xtract Resources plc
05 April 2017

For immediate release
5 April 2017

Xtract Resources Plc

Reorganisation of Loan Agreement and Issue of Equity
Total Voting Rights

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") is pleased to announce that it has today entered into an agreement (the "**Supplemental Agreement**") with YA II EQ, Ltd. (the "**Investor**") which is supplemental to the SEDA-backed loan note agreement dated 12 December 2013 ("**Loan Agreement**").

Colin Bird, Executive Chairman, said:

"We are pleased to have completed, after detailed negotiation, this reorganisation relating to some US\$1.51 million owing to the Investor which is the only remaining arrangement in place with the Investor. The agreement provides a more manageable arrangement going forward in settling the outstanding debt and allows the Company the opportunity of further focus on it restoring shareholder value through its Manica Asset."

Background

As previously announced on 24 October 2016, the Company and the Investor agreed to schedule outstanding payments (before interest) due under the Loan Agreement at a rate of US\$0.10 million per month in 2016 and US\$0.21 million per month in 2017, with the final repayment by the Company due on 1 August 2017.

Under the Loan Agreement, a total amount of US\$1.51 million of principal, plus accrued and unpaid interest, remains outstanding.

Supplemental Agreement

The Company and the Investor have today agreed to modify the Loan Agreement and the repayment schedules in respect of the amounts outstanding.

Following the execution of the Supplemental Agreement, the Company shall make a cash payment to the Investor in the amount of US\$0.12 million. The Company shall be discharged of its obligation to repay US\$0.35 million of the amount outstanding under the Loan Agreement by the issuance and allotment to the Investor of 1,513,513,514 new ordinary shares (the "**Repayment Shares**") as determined by converting US\$0.35 million into GBP at the relevant exchange rate at a share price of 0.0185p per ordinary share, being the same share price to the last placing as announced in February 2017.

Outstanding Balance

The outstanding balance owed under the Loan Agreement, after taking the above repayments into account, will amount to US\$1.04 million (the "**Balance**").

In respect of US\$0.52 million of the Balance, the Company shall make 9 monthly cash payments of principal and interest in accordance with new repayment schedule beginning on 1 July 2017 at a rate US\$0.06 million per month for 2017, and on average US\$0.06 million per month for 2018, and ending on 1 March 2018.

In respect of the remaining US\$0.52 million of the Balance, the Company shall pay such amount on 1 April 2018, plus any accrued and unpaid interest thereon, to the extent that any such amount has not been previously discharged through conversion into new ordinary shares of the Company as described further below.

Conversion rights

The Investor may at any time from the date of execution of the Supplemental Agreement until 1 April 2018, convert all or any of the amount then outstanding under the Loan Agreement into new fully paid Xtract ordinary shares ("**Conversion Shares**") at a conversion price equal to a 15% discount to the average volume weighted average price of Xtract ordinary shares ("**VWAP**") during the 10 business days prior to the conversion date subject to a floor price of 0.012p per ordinary share, being the same floor price as included in the arrangements as announced on 9 February 2017.

Following execution of the Supplemental Agreement, a fee of US\$0.14 million is payable to the Investor. A total US\$0.07 million of the total fee is to be satisfied by the issue of 313,513,514 new ordinary shares (the "**Fee Shares**") at an issue price equal to 0.0185p per ordinary share. The Fee Shares will rank *pari passu* with the existing Xtract ordinary shares and application will be made for the Fee Shares to be admitted to trading on AIM.

The remaining US\$0.07 million shall be payable on 31 December 2017 either in cash or, at the option of the Company, shall be discharged by the issuance of new ordinary shares at a price equal to 5% VWAP on the last trading day immediately prior to the date such shares are issued.

The Company has also agreed to amend the subscription price of all outstanding warrants held by the Investor to 0.02p per warrant held.

Related Party Transaction

The Investor is an affiliate of YA II PN, Ltd (formerly known as YA Global Master SPV, Ltd.) ("**YAPN**"). While YAPN has currently no interest in the existing issued share capital of the Company, as previously announced on 3 November 2016, YAPN was then interested in 19.14 per cent. of the existing issued share capital of the Company. As YAPN has therefore been interested in more than 10 per cent. of the issued share capital of the Company within the last 12 months, and as YAPN is affiliated with the Investor, the amendments to the Loan Agreement, including the issue of the Repayment Shares and Fee Shares, conversion rights and amended warrant terms ("**Modified Loan Agreement**") is a related party transaction pursuant to the AIM Rules. Accordingly, the Directors of the Company consider, having consulted with the Company's Nominated Adviser, that the terms of the Modified Loan Agreement are fair and reasonable insofar as shareholders are concerned.

Admission of Repayment Shares and Fee Shares

Application will be made by the Company for admission to trading on AIM in respect of the 1,513,513,514 Repayment Shares, and the 313,513,514 Fee Shares, which will rank *pari passu* with all existing ordinary shares ("**Admission**"), with Admission expected to occur on or around 12 April 2017.

On Admission, the Company will have 34,461,242,980, Ordinary Shares in issue with voting rights. Xtract does not currently hold any shares in treasury. Accordingly, this figure of 34,461,242,980 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse.

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