

Sixth Wave Completes Convertible Debenture Financing and Repays Prior- Existing Debt

written by Raj Shah | December 31, 2020

December 30, 2020 ([Source](#)) – **Sixth Wave Innovations Inc. (CSE: SIXW) (OTCQB: ATURF) (FSE: AHUH) (“Sixth Wave” or the “Company”)** is pleased to report that it has refinanced certain debt instruments through the closing of a non-brokered private placement of unsecured convertible debentures (**“Convertible Debentures”**), and partial repayment of other debt.

Pursuant to the closing, the Company sold and issued 1,523 Convertible Debentures at a price and principal amount of \$1,000 per Convertible Debentures for gross proceeds totaling \$1,523,000. Interest on the Convertible Debentures can be paid in either cash or common shares of the Company (**“Common Shares”**), at the Company’s election, at a rate of 7.5% per annum if paid in cash or 10% per annum if paid in Common Shares, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2021. If the Company elects to pay the accrued interest by issuing Common Shares, then such interest payment will be based upon the market value of the Common Shares at the time the Company makes such election. The Convertible Debentures have a three-year term (the **“Term”**), with the principal amount being due to be repaid on December 31, 2023 (the **“Maturity Date”**).

The Company has the right, at any time during the Term, to repay in full the principal amount and any accrued and unpaid interest on the Convertible Debentures, provided that the Company gives

10 days' notice prior to doing so.

At any time during the Term, a holder of Convertible Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into units ("**Units**") at a conversion price of \$0.275 per Unit (the "**Conversion Price**"). Each Unit shall consist of one Common Share and one half of a warrant ("**Warrant**"), with each whole Warrant entitling its holder to acquire a Common Share at an exercise price of \$0.55 for a period ending on the Maturity Date.

The outstanding principal amount of each Convertible Debenture will automatically be converted into Units at the Conversion Price (\$0.275) if the Common Shares trade at a closing price of \$0.65 or more on the Canadian Securities Exchange (the "**CSE**") for 10 consecutive trading days.

During the third year of the Term, the Company shall have the option to extend the Term by up to one additional year. If extended, then the Company shall pay a cash extension fee to the holders of Convertible Debentures in the amount of six months of interest.

Concurrent with the closing of the Convertible Debentures, the Company repaid USD\$600,000 out of a total of USD\$871,368 of debt owed (the "**Repaid Debt**") to Affinity Nanotechnology Inc. ("**Affinity Nanotechnology**"). The Repaid Debt carried monthly repayments of USD\$25,000, bore interest at 10% and had a maturity date of July 31, 2021. The remaining amount of Repaid Debt, being USD\$271,368 or CAD\$350,000, was refinanced and settled by the issuance of 350 Convertible Debentures with the terms outlined above.

The issuance of the Convertible Debentures and the Commitment Warrants (defined below) was (and, if applicable, the Units and any underlying Common Shares and Warrants shall be) completed on

a private placement and prospectus-exempt basis, as applicable, such that the issuances are (or in the case of the Units and any underlying Common Shares and Warrants, shall be) exempt from applicable prospectus and securities registration requirements.

Each initial holder of the Convertible Debentures received a one-time commitment fee comprised of 150 commitment warrants ("**Commitment Warrants**") per Convertible Debenture. Each Commitment Warrant entitles its holder to acquire one Common Share at an exercise price of \$0.55 per Common Share for a period of 24 months.

Pursuant to National Instrument 45-102 – *Resale of Securities*, the Convertible Debentures, the Commitment Warrants and any underlying Units, Common Shares or Warrants to be issued upon conversion or exchange of these securities will be subject to a four-month hold period commencing on the closing date. Additional hold periods and/or trading or resale restrictions may also apply in the United States. In addition, the Company paid a total of 150,272 compensation warrants ("**Finders Warrants**") with respect to certain arms-length investors equal to 7% of the Units which ultimately could be issued as a result of the transaction. The Finders Warrants allow their holders to acquire one Common Share of the Company at a price of \$0.35 for a period of 36 months.

The Company intends to use the remaining proceeds of the Convertible Debenture financing for the deployment of the Company's AffinityTM cannabis purification units, as well as research into its AMIPs virus detection technology.

Since Affinity Nanotechnology holds greater than 10% of the issued and outstanding Common Shares, the repayment of the Repaid Debt and the issuance of the Convertible Debentures to Affinity Nanotechnology is considered a related party

transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid, exceed 25% of the Company’s market capitalization. No new insiders and no control persons were created in connection with the closing of the transaction. The transaction was reviewed and unanimously approved by the Company’s Board of Directors. No special committee was created to review the transactions since Affinity Nanotechnology does not have a representative or appointed nominee on the Company’s Board of Directors.

The closing of the transactions described above and issuance of the Convertible Debentures is conditional on the final approval of the CSE.

About Sixth Wave

Sixth Wave is a nanotechnology company with patented technologies that focus on extraction and detection of target substances at the molecular level using highly specialized Molecularly Imprinted Polymers (MIPs). The Company is in the process of a commercial roll out of its Affinity™ cannabinoid purification system, as well as, IXOS®, a line of extraction polymers for the gold mining industry. The Company is in the development stages of a rapid diagnostic test for viruses under the Accelerated MIPs (AMIPS™) label.

Sixth Wave can design, develop and commercialize MIP solutions across a broad spectrum of industries. The Company is focused on nanotechnology architectures that are highly relevant for detection and separation of viruses, biogenic amines and other

pathogens, for which the Company has products at various stages of development.

For more information about Sixth Wave, please visit our web site at: www.sixthwave.com.

ON BEHALF OF THE BOARD OF DIRECTORS

"Jonathan Gluckman"

Jonathan Gluckman, Ph.D., President & CEO

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Cautionary Notes

This press release includes certain statements that may be deemed "forward-looking statements" including statements regarding the planned use of proceeds and performance of the AMIPs™ technologies. All statements in this release, other than statements of historical facts, that address future events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual events or developments may differ materially from those in forward-looking statements. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. In particular, successful development and commercialization of the AMIPs™ technology are subject the risk that the AMIPs™ technology

may not prove to be successful in detecting virus targets effectively or at all, uncertainty of medical product development, uncertainty of timing or availability of required regulatory approvals, lack of track record of developing products for medical applications and the need for additional capital to carry out product development activities. The value of any products ultimately developed could be negatively impacted if the patent is not granted. The Company has not yet completed development of a prototype for the product that is subject of its patent application and has not yet applied for regulatory approval for the use of this product from any regulatory agency.