

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

American Resources Corp

Form: 8-K

Date Filed: 2018-10-30

Corporate Issuer CIK: 1590715

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest event Reported): October 24, 2018

AMERICAN RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

000-55456
(Commission
File Number)

46-3914127
(I.R.S. Employer
Identification No.)

9002 Technology Lane, Fishers Indiana, 46038
(Address of principal executive offices)

(606) 637-3740
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See: General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17CFR240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR240.13e-4(c))
-
-

Item 1.01 Entry into a Material Definitive Agreement.

On October 24, 2018, American Resources Corporation's wholly-owned subsidiary, Quest Energy Inc., entered into a binding term sheet with Synergy Coal, LLC ("Synergy") and its sole owner, Thomas M. Shelton ("Shelton"), whereby Quest Energy will purchase the approximately 1,100 acres of land located in Wyoming County, near Oceana, West Virginia owned by Shelton along with all assets owned by Synergy, including structures, real estate, surface ownership, mineral ownership, easements, licenses, agreements, five permits, and any other approvals required to operate coal properties, a load out, and wash plant owned by Synergy or Shelton located in Wyoming County, near Oceana, WV.

The consideration paid to Shelton or his assignee is Sixteen Million One Hundred Forty Five Thousand Four Hundred and Fifty Seven Dollars (\$16,145,457), consisting of: (1) \$15,545,457 will be paid in the form of 1,727,273 common equity shares of American Resources Corporation, based on the closing price of \$9.00 per share on the date of the binding term sheet; (2) Three Hundred Fifty Thousand Dollars (US\$350,000) paid in cash at closing; plus (3) Two Hundred Fifty Thousand Dollars (US\$250,000) secured by a first mortgage in the mineral purchased pursuant to this transaction, paid in the form of \$1.00 per ton for tons of coal sold (as the case may be) either loaded on the rail or truck from the property until paid in full.

Furthermore, to the extent that any bonds have been posted pertaining to Synergy WV, or future bonding is required by Synergy WV, Quest Energy will utilize its current bonding program to replace and/or provide such bonds. Any collateral held against the bonds pre-transaction will become the property of Quest Energy.

Consideration for the acquired assets was the assumption of reclamation bonds totaling \$234,240, stock of the company valued at \$15,545,457 and a seller note of \$600,000. The transaction is accounted for as an asset purchase under ASU 2017-01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are attached hereto and filed herewith.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	Binding Term Sheet between Quest Energy Inc., Synergy Coal, LLC, and Thomas M. Shelton

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

American Resources Corporation

Date: October 29, 2018

By: /s/ Mark C. Jensen

Mark C. Jensen
Chief Executive Officer



This Term Sheet is intended to be binding between the parties and includes the main provisions of definitive agreements to be executed between the parties. This Term Sheet is presented on a confidential basis and is intended only for Thomas M. Shelton and the managements of Quest Energy Inc. and Synergy Coal, LLC (and its subsidiaries and affiliates) and their respective authorized representatives (each a "Party," and together the "Parties").

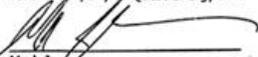
- Transaction Summary:** Quest Energy Inc., a wholly-owned subsidiary of American Resources Corp ("Quest Energy") will purchase the approximately 1,100 acres of land located in Wyoming County, near Oceana, West Virginia owned by Thomas M Shelton ("Shelton") as an individual (the "Synergy Land") along with all assets owned by Synergy Coal, LLC ("Synergy LLC") including structures, real estate, surface ownership, mineral ownership, easements, licenses, reclamation responsibilities, agreements, permits, and approvals required to operate coal properties, a load out, and wash plant owned by Synergy LLC or Shelton located in Wyoming County, near Oceana, WV ("Synergy WV").
- Consideration Paid:** The consideration paid to Shelton or his assignee for the Synergy Land and Synergy WV is approximately Sixteen Million One Hundred Forty Five Thousand Four Hundred and Fifty Seven Dollars (\$16,145,457), consisting of: (1) \$15,545,457 will be paid in the form of 1,727,273 common equity shares of American Resources Corporation ("ARC") based on the closing price of \$9.00 per share on the date this binding term sheet is signed based on the pro forma valuation of ARC and the total ARC shareholder ownership of 26,867,851 fully converted and diluted common shares upon the closing of the anticipated IPO/Secondary financing for ARC (the "ARC Public Offering") and inclusive of the shares issued herein, plus, (2) Three Hundred Fifty Thousand Dollars (US\$350,000) paid in cash at closing, plus (3) Two Hundred Fifty Thousand Dollars (US\$250,000) secured by a first mortgage in the Synergy Land paid in the form of \$1.00 per ton for tons of coal sold (as the case may be) either loaded on the rail or truck from the property until paid in full.
- Ownership & Control:** The Synergy Land and Synergy WV assets will be acquired by a wholly-owned subsidiary of Quest Energy Inc.
- Bonding:** To the extent that any bonds have been posted pertaining to Synergy WV, or future bonding is required by Synergy WV, Quest Energy will utilize its current bonding program to replace and/or provide such bonds. Any collateral held against the bonds pre-transaction will become the property of Quest Energy.
- Coal Sales:** Quest Energy intends to sell the coal to be mined from Shelton Land or Synergy WV assets on its current and future metallurgical contracts, where coal production from its operations at McCoy Elkhorn (Mine #15, Carnegie, and PointRock mines) are sold. Current, past, and anticipated customers of Quest Energy include _____ and Quest Energy is constantly in discussions with other domestic and international customers.
- Additional Terms:** Closing is contingent upon all Parties negotiating two mutually agreeable asset purchase and sale agreements on terms customary in transactions of this nature, including mutual indemnities with said effective date being the date of signing of this binding term sheet.
- Closing Date:** The Parties intend for the date of signing this binding term sheet to be the effective date with signing of the definitive agreements by November 1st 2018

Accepted and agreed this 24th day of October, 2018.

QUEST ENERGY INC. • WWW.QUESTENERGYINC.COM
P.O. Box 606 • FISHERS, IN • 46038

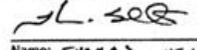
HOU 408903262v1

American Resources Corporation,
Parent company of Quest Energy Inc.



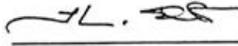
Mark Jensen
CEO

Synergy Coal, LLC



Name: THOMAS SHELTON
Title: MANAGING MEMBER/OWNER

Thomas M. Shelton



QUEST ENERGY INC. • WWW.QUESTENERGYINC.COM
P.O. Box 606 • FISHERS, IN • 46038

HOU 408903262v1