

Lithium One Obtains Interim Court Order for Merger With Galaxy Resources Limited

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VANCOUVER, May 9, 2012 - [Lithium One Inc.](#) (the "Company" or "Lithium One") (TSX VENTURE:LI) is pleased to announce that it has obtained an interim order from the Ontario Superior Court of Justice authorizing the holding of the special meeting (the "Meeting") of the Company's shareholders ("Shareholders"), optionholders ("Optionholders") and noteholders ("Noteholders" and together with the Shareholders and the Optionholders the "Securityholders") and matters relating to the conduct of the Meeting.

At the Meeting, Securityholders will be asked to consider and, if thought fit, approve a special resolution relating to the proposed plan of arrangement (the "Arrangement"), involving Lithium One, the Securityholders, Galaxy Resources Limited (ASX:GXY) of Australia ("Galaxy") and Galaxy Lithium One Inc. ("Canco"), a wholly owned Canadian subsidiary of Galaxy. As announced in the Company's press release on March 30, 2012, the Arrangement will be carried out pursuant to an arrangement agreement dated March 29, 2012 between Lithium One, Galaxy and Canco (the "Arrangement Agreement").

Meeting materials including a Notice of Special Meeting and Management Information Circular, are scheduled to be mailed to Securityholders of record as at May 8, 2012 in advance of the Meeting in accordance with statutory requirements. Upon completion of the mailing to registered Securityholders, the materials for the Meeting will be filed by the Company and will be available under the Company's SEDAR profile at www.sedar.com.

The Meeting will be held at 10:00 a.m. (Vancouver time) on June 18, 2012 at Suite 2600-595 Burrard Street, Vancouver, British Columbia, Canada.

If the special resolution approving the Arrangement is approved by the requisite vote of Securityholders and all other conditions to the Arrangement are satisfied or waived, Canco will acquire all of the outstanding securities of Lithium One. Under the Arrangement, (i) each Shareholder will be entitled to receive 1.96 ordinary shares of Galaxy (the "Galaxy Shares") for each Lithium One common share ("Lithium Share") held, (ii) each Optionholder will be entitled to receive, in respect of each Lithium One option ("Option") that number of Galaxy Shares equal to the product determined by multiplying 1.96 by the quotient of (A) the positive difference between \$1.55 and the exercise price of such Lithium One Option divided by (B) \$1.55; and (iii) each Noteholder will receive a Galaxy convertible note in exchange for each issued and outstanding Lithium One convertible note ("Note") held.

To become effective the Arrangement will require approval of (a) Shareholders holding at least 66 2/3% of the Lithium Shares, voting in person or by proxy; (b) Shareholders and Optionholders holding at least 66 2/3% of the Lithium Shares and Options represented at the Meeting, voting together in person or by proxy; (c) Noteholders holding at least 66 2/3% of the principal amount of the Notes represented at the Meeting, in person or by proxy; and (d) a majority of the minority, in accordance with National Instrument 61-101 - Protection of Minority Security Holders in Special Transactions.

The directors and senior officers of Lithium One, holding in aggregate approximately 13% of the fully diluted share capital of Lithium One, have entered into voting agreements with Galaxy, pursuant to which they have agreed to vote their securities (including Options) in favour of the Arrangement, subject to certain exceptions. In addition, as of the date hereof, certain Noteholders, representing approximately 100% of the outstanding Notes, have indicated their support for the Galaxy offer, subject to certain conditions.

The Arrangement is also subject to the approval of the TSX-V and Galaxy shareholders. Galaxy shareholders holding 16% of the undiluted capital of Galaxy have confirmed their intention to vote in favour and support the Arrangement. The board of directors of Lithium One unanimously recommends that Securityholders vote FOR the special resolution approving the Arrangement.

The Arrangement is expected to close around the end of June 2012, shortly after receipt of all Securityholder and court approvals, at which time it is expected that the Lithium Shares will be de-listed from the TSX-V.

About Lithium One

[Lithium One's](#) principal asset is the Sal de Vida lithium and potash brine project in Argentina. The November 18, 2011 preliminary economic assessment by ARA Worley Parsons for the Sal de Vida project outlined an operation producing 25,000 tonnes pa lithium carbonate and 107,000 tonnes pa potash, with a 28% internal rate of return ("IRR") and a US\$1.066 billion net present value ("NPV") at an 8% discount rate (further to a press release dated October 5, 2011). The preliminary economic assessment is available under Lithium One's profile at www.sedar.com. End-user partners are earning a maximum of 30% project equity in Sal de Vida by funding a minimum of US\$15M towards feasibility, by providing an off-take agreement for up to 50% of the lithium production and providing a completion guarantee for the debt component of the capital development costs.

The Company also owns the James Bay bulk tonnage spodumene project in Quebec. Galaxy is earning a maximum 70% project equity in the James Bay project through an earn-in agreement that includes delivery of a feasibility study by early 2013.

About Galaxy

[Galaxy Resources Ltd](#) is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (ASX:GXY) and is a S&P/ASX 300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy expects to be able to process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned lithium carbonate plant in China's Jiangsu province. Once complete, the Jiangsu plant is expected to produce 17,000 tpa of battery grade lithium carbonate, which, on that basis and current global production, would make Galaxy the largest producer in the Asia Pacific region and the fourth largest in the world. The Jiangsu plant is in the final stages of commissioning with first production of lithium carbonate from processing Mt Cattlin spodumene expected before the end of March. Galaxy has successfully completed offtake or distribution agreements for what it anticipates will be 100% of the production from Jiangsu with Mitsubishi Corporation of Japan and 13 major Chinese cathode producers. Galaxy is also advancing plans for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market.

Qualified/Competent Persons

The technical information in this news release related to Lithium One has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 and has been reviewed and approved by Mr. Roger Kelley, an independent consultant. Mr. Kelley is a metallurgical engineer with more than 40 years experience, a fellow of the South African Institute of Mining and Metallurgy (SAIMM), and a qualified person as defined by NI 43-101.

The technical information in this report release that relates to Galaxy and its mineral resources and exploration results is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman and Schofield Pty Ltd. and Dr. Mike Grigson who is a full time employee of Arc Minerals. Mr. Spiers and Dr. Grigson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Spiers and Dr. Grigson consent to the inclusion in the report release of the matters based on their information in the form and context in which it appears.

The information in this report release that relates to Galaxy and its mineral ore resources is based on information compiled by Mr. Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr. Croeser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Croeser consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

More information on Galaxy can be viewed at www.galaxylithium.com.

ON BEHALF OF THE BOARD OF DIRECTORS,

Martin Rowley
Chairman

Forward-Looking Statements

This document may contain "forward-looking information" within the meaning of Canadian securities legislation (hereinafter referred to as "forward-looking statements"). All statements, other than statements of historical fact, included herein including, without limitation statements relating to; the satisfaction of the conditions to the Agreement, the timing and amount of estimated future production and other matters related to the exploration and development of the Company's projects, are forward-looking statements.

Assumptions upon which such forward-looking statements are based include that Lithium One and Galaxy will be able to satisfy the conditions in the Arrangement Agreement, that the required approvals will be obtained from the shareholders of each of Lithium One and Galaxy, that all third party regulatory and governmental approvals to the Arrangement will be obtained and all other conditions to completion of the Arrangement will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Lithium One or Galaxy and there is no assurance they will prove to be correct.

These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements other than as required by applicable law. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in metals prices, changes in the availability of funding for mineral exploration, costs of production, unanticipated changes in key management personnel and general economic conditions, title disputes as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at www.sedar.com. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 statements.

Not For Release in US: This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.

Neither the 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.

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