

# Canada Lithium Announces \$21.1 Million Convertible Debenture Bought Deal Financing

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TORONTO, ONTARIO -- (Marketwired - April 29, 2013) - [Canada Lithium Corp.](#) (TSX:CLQ) (OTCQX:CLQMF) (the "Company") today announced that it has entered into an agreement with Dundee Securities Ltd. on behalf of a syndicate of underwriters including Primary Capital Inc., as co-lead underwriter, and Jones, Gable & Company Limited (collectively, the "Underwriters") to purchase, on a bought deal private placement basis, 21,110 convertible unsecured subordinated debentures of the Company (the "Debentures") which will be issued at par at a price of \$1,000 per Debenture for gross proceeds to the Company of \$21,110,000 (the "Offering"). The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes.

The Debentures will mature on June 30, 2018 (the "Maturity Date") and pay a coupon of 11.0% per annum from the closing date ("Closing Date"), payable semi-annually in arrears on the last day of June and December of each year commencing on June 30, 2013. The first interest payment will be made on June 30, 2013 and will consist of interest accrued from and including the Closing Date to June 30, 2013. Subject to specified conditions, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures, on the date it is payable (i) in cash; (ii) by delivering sufficient common shares ("Common Shares") of the Company to the trustee under the indenture governing the Debentures, for sale, to satisfy the interest obligations in accordance with the indenture in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above.

The Debentures will be convertible at the holder's option into Common Shares of the Company at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed for redemption of the Debentures. The Debentures will convert at a conversion price of \$0.72 per Common Share (the "Conversion Price"), being a ratio of 1,388.89 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events including dividend protection for the declaration of dividends. Holders converting their Debentures will receive accrued and unpaid interest thereon, up to, but excluding, the date of conversion. The conversion rate may be adjusted upon the occurrence of certain events, pursuant to standard anti-dilution provisions as will be set out in the indenture governing the Debentures.

The Debentures will not be redeemable before June 30, 2016 (the "First Call Date"). On and after the First Call Date and prior to the Maturity Date, the Company may, at its option, at any time and from time to time, subject to providing not more than 60 and not less than 30 days' prior notice, redeem the Debentures, in whole or in part, at par plus accrued and unpaid interest provided that the weighted average closing price of the Common Shares on the Toronto Stock Exchange during the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is not less than 130% of the Conversion Price.

The Debentures will rank subordinate in right of payment of principal and interest to all senior obligations of the Issuer.

In connection with the Offering, the Underwriters will receive an aggregate cash commission equal to 5% of the gross proceeds raised under the Offering. The Closing Date of the Offering is anticipated to occur on or about May 15, 2013 and is subject to the receipt of applicable regulatory approvals including approval of the Toronto Stock Exchange.

All securities issued in connection with the Offering will be subject to a four (4) months plus one (1) day hold period from the Closing Date, pursuant to Canadian securities laws. The Offering will be conducted on a private placement basis pursuant to exemptions from the prospectus requirements of applicable securities laws in one or more provinces of Canada. The securities mentioned herein have not been and will not be qualified by prospectus for sale to the public under applicable Canadian securities laws. The securities mentioned herein will be subject to transfer and selling restrictions in certain jurisdictions, including the

United States and Canada.

This news release does not constitute an offer of securities for sale or the solicitation of an offer to buy the securities in the United States or any other jurisdiction. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements and in compliance with applicable state securities laws.

### **About Canada Lithium Corp.:**

The Company holds a 100% interest in the Québec Lithium Project near Val d'Or, the geographical heart of the Québec mining industry. It has completed construction and is in the commissioning phase of an open-pit mine and on-site processing plant with estimated capacity to produce approximately 20,000 tonnes of battery-grade lithium carbonate annually. Metallurgical tests have produced battery-grade lithium carbonate samples. A five-year off-take agreement for a minimum of 12,000 tonnes per year was recently signed with Tewoo-ERDC, one of China's largest commodities traders. A second off-take for up to 5,000 tonnes per year was recently signed with Marubeni Corp., a major Japanese commodities trading company. Lithium carbonate is used in lithium-ion batteries that power consumer electronics (laptops, tablets, etc.), power-grid storage facilities and electric and hybrid vehicles. For more information regarding the Company, please refer to the Company's public filings available at [www.sedar.com](http://www.sedar.com) and [www.canadalithium.com](http://www.canadalithium.com) including, in particular, the Company's Management Discussion and Analysis for the year ended December 31, 2012 and its Annual Information Form for the year ended December 31, 2012. The Company trades under the symbol CLQ on the TSX and on the U.S. OTCQX under the symbol CLQMF.

### **Cautionary Statement Regarding Forward-Looking Information**

This press release contains "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking information is based upon the Company's beliefs, estimates and opinions as at the date of this press release, which the Company believes are reasonable, but no assurance can be given that these will prove to be correct. Furthermore, the Company undertakes no obligation to update or revise forward-looking information contained herein if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

Forward-looking information relates to future events or to future conditions, performance or results of operations and reflects current expectations or beliefs regarding such matters including, but not limited to, information or statements with respect to the completion of the Offering, the receipt of requisite regulatory approvals, including the approval of the Toronto Stock Exchange and the use of proceeds, in addition to: (i) the amount of mineral resources; (ii) exploration, development and production activities, including information regarding the potential mineralization and resources; (iii) the amount of future output over any period; (iv) net present value and internal rates of return of the mining operation; (v) assumptions relating to capital costs, operating costs and other cost metrics; (vi) assumptions relating to gross revenues, operating cash flow and other revenue metrics; (vii) assumptions relating to future price and demand for lithium and other macroeconomic metrics; (viii) exploration and development plans, including anticipated costs and timing thereof, time frames for completion, and anticipated time to production; (ix) mine potential and expected mine life; and (x) sources of and anticipated financing requirements.

All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "project", "estimate", "assume", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "strategy", "goal", "may", "could", "would", "might", or "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking information is based upon certain assumptions by the Company or its consultants and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such information. Such information is based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the price of lithium, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking information include, but are not limited to: (i) required capital investment and estimated workforce requirements; (ii) estimates of net present value and internal rates of return; (iii) future demand and market prices for lithium; (iv) receipt of regulatory approvals on acceptable terms within commonly experienced time frames; (v) anticipated timelines for the commencement of production; (vi) anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process; and (vii) future

exploration plans and objectives.

By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to differ materially from those expressed or implied by such forward-looking information. Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this press release include, but are not limited to, risks and uncertainties relating to: (i) the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations; (ii) results of feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, (iii) the outcome of litigation in which the Company is or may in the future become involved; (iv) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined; (v) mining and development risks, including risks related to accidents, equipment breakdowns, labor disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development; (vi) risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; (vii) risks related to future commodity demand and price and foreign exchange rate fluctuations; (viii) the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates; (ix) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities; (x) risks related to environmental regulation and liability; (xi) political and regulatory risks associated with mining and exploration; (xii) risks related to the uncertain global economic environment; and (xiii) other risks and uncertainties related to the Company's prospects, properties and business strategy.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking information, investors and others are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Readers are cautioned not to place undue reliance on forward-looking information contained in this press release. All forward-looking information contained in this press release or incorporated by reference herein is expressly qualified by this cautionary note. For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the Company's public filings available at [www.sedar.com](http://www.sedar.com) and [www.canadalithium.com](http://www.canadalithium.com) including, in particular, the "Risks and Uncertainties" section of the Company's Management Discussion and Analysis and the "Risk Factors" section of the Company's Annual Information Form for the year ended December 31, 2012.

Please visit the Canada Lithium website at [www.canadalithium.com](http://www.canadalithium.com), or copy the following link into your Web browser to view our Photo Gallery: [www.canadalithium.com/s/PhotoGallery.asp](http://www.canadalithium.com/s/PhotoGallery.asp).

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