

Sirocco and Canada Lithium combining to form strategic international competitor in growth-oriented industrial minerals sector

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TORONTO, Dec. 4, 2013 - [Sirocco Mining Inc.](#) ("Sirocco") (TSX: SIM) and [Canada Lithium Corp.](#) ("Canada Lithium") (TSX: CLQ) (U.S. OTC: CLQMF) jointly announce that their respective boards of directors have approved, and that they have entered into, a definitive agreement (the "Arrangement Agreement") pursuant to which they will complete a business combination by way of a statutory Plan of Arrangement (the "Arrangement") under the Canada Business Corporations Act. Following the completion of the Arrangement, the current Canada Lithium shareholders will hold approximately 58% of the combined company, while current shareholders of Sirocco will hold approximately 42%.

Highlights of the Arrangement Include:

- The business combination of Sirocco with its established Aguas Blancas iodine mine in Chile and Canada Lithium with its commissioning-stage lithium project in Quebec will create a significant industrial minerals producer in both the iodine and lithium markets. It is anticipated the combined company will provide significant market and growth synergies and over-all cost reduction.
- Sirocco's balance sheet and cash flow de-risk the production ramp-up of Canada Lithium's project. In addition, the combined company with its stronger balance sheet will offer greater cash resources.
- Anticipated ongoing growth in the automotive and electronics sector will continue to drive demand for lithium products, while anticipated increasing applications for X-ray media in Asia will continue to support iodine consumption. This allows for diversification of revenue and market risks. In the short to medium term, there is potential for downstream, value-added growth into lithium metal, potassium and sodium nitrates, sodium sulphate and lithium hydroxide.
- New and continued developments in the lithium battery sector, specifically lithium-iodine technology, which demonstrates higher energy levels and increased battery performance over current lithium battery technologies, may provide the combined company increased market opportunities as uptake of these new battery applications increases.
- The combination of Canada Lithium and Sirocco results in only one of two public companies, the other being SQM of Chile, producing both iodine and lithium.
- Following the closing of the Arrangement, the current Sirocco management team will be appointed as officers of the combined company: Richard P. Clark, as Chief Executive Officer, Alessandro Bitelli, as Chief Financial Officer, Kevin Ross, as Chief Operating Officer and Hugh Stuart, as Vice President of Exploration. This is the core team that contributed to the growth of Red Back Mining's operations, which was acquired by [Kinross Gold Corp.](#) for \$9.2 billion.
- Sirocco shareholders will receive 1.175 common shares (on a pre-consolidated basis) in the capital of Canada Lithium for each outstanding Sirocco common share. Pursuant to the transaction, Canada Lithium expects to issue approximately 294 million common shares (on a pre-consolidation and non-diluted basis).
- The Arrangement values each Sirocco share at C\$0.48 representing a premium of approximately 23% to the 20-day volume weighted average price of the Sirocco common shares on the Toronto Stock Exchange as of December 3, 2013.
- The Arrangement has been approved by the board of directors of both companies. Following the closing of the Arrangement, the board of the combined company will be comprised of nine individuals. Four of the nine will be Canada Lithium nominees, with the remaining five individuals to be nominated by Sirocco.

- In connection with the Arrangement, Canada Lithium will consolidate its common shares on the basis of one post-consolidation common share for each three existing Canada Lithium common shares.

"We're delighted to be joining forces with the Sirocco team. They have an exceptional track record in identifying growth opportunities, establishing sound operations and building wealth for shareholders," said Canada Lithium CEO Peter Secker.

Commenting on the transaction, Sirocco CEO Richard Clark said: "We have been looking for growth opportunities in the industrial minerals sector and this combination provides an excellent opportunity for geographic and product diversification while at the same time aligning two products with potential future complementary applications."

At a full annualized production rate, Canada Lithium would produce approximately 20,000 tonnes of battery-grade lithium carbonate, which represents about 12% of the world's output. The commodity, an essential component in lithium-ion batteries, powers the vast and growing field of consumer electronics, electric and hybrid vehicles and grid storage units. Sirocco's iodine operation in Chile will produce approximately 1,400 tonnes of iodine in 2013, with plans to produce 1,000 tonnes in 2014. Upon completion of the installation of a semi-autogenous grinding (SAG) mill, annual capacity will increase to over 2,000 tonnes per annum.

Under the Arrangement, as noted above, shareholders of Sirocco will receive 1.175 common shares (on a pre-consolidation basis) in the capital of Canada Lithium for each outstanding Sirocco common share, representing a premium of approximately 23% to the 20-day volume weighted average price of the Sirocco common shares on the Toronto Stock Exchange as of December 3, 2013. The total consideration payable pursuant to the Arrangement values Sirocco's equity at approximately C\$120 million. Pursuant to the transaction, Canada Lithium expects to issue approximately 294 million common shares (on a pre-consolidation and non-diluted basis).

The transaction will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the securityholders of Sirocco at a special meeting of Sirocco shareholders expected to take place in January 2014. It is expected that the transaction will be exempt from the registration requirements of the U.S. Securities Act of 1933, as amended. The transaction is also subject to obtaining the approval of at least a majority of the votes cast by the shareholders of Canada Lithium approving the issuance of the shares in connection with the Arrangement and approval of at least 66 2/3% of the votes cast by the shareholders of Canada Lithium approving the consolidation of the shares of Canada Lithium on 3-for-1 basis, at a special meeting of Canada Lithium shareholders expected to take place the same date as the Sirocco meeting. In addition to securityholder and court approvals, the transaction is subject to applicable regulatory approvals, including the TSX, and the satisfaction of certain other closing conditions as is customary in transactions of this nature.

Canada Lithium's financial advisor, Primary Capital Inc. has provided an opinion to the Canada Lithium board of directors that the transaction is fair, from a financial point of view, to Canada Lithium's shareholders (other than Sirocco). The financial advisor for Sirocco, Scotia Capital Inc., has provided an opinion to the Sirocco board of directors that the consideration to be received by the Sirocco shareholders under the transaction is fair, from a financial point of view, to the Sirocco shareholders. Canada Lithium's legal counsel is Cassels Brock & Blackwell LLP and Sirocco's legal counsel is Blake, Cassels & Graydon LLP. Kingsdale Shareholder Services Inc. has been retained as proxy solicitors and information agent.

The Arrangement Agreement includes a commitment by each of Sirocco and Canada Lithium not to solicit alternative transactions to the proposed Arrangement. In certain circumstances, if a party terminates the definitive agreement to enter into an agreement to effect a superior proposal that is different from the Arrangement, then such party is obligated to pay to the other party as a termination payment of C\$4 million, subject to a right by each party to match a competing superior proposal in question.

In connection with the Arrangement Agreement, Sirocco has also agreed to provide a bridge loan of up to \$10 million to Canada Lithium. The loan will be due and payable on the earliest of the following: (a) thirty days after the completion of a superior proposal transaction by Canada Lithium or (b) six months following a demand notice from Sirocco. The bridge loan is subject to, among other things, receipt of TSX approval and certain other closing conditions. The loan may be converted, at the option of Sirocco, into common shares of Canada Lithium at a conversion price of \$0.399 per common share, at any time after the termination of the Arrangement Agreement.

Further information regarding the transaction will be contained in an information circular that each of Canada Lithium and Sirocco will prepare, file and mail in due course to their respective shareholders in connection

with the special meetings of each of the Canada Lithium and Sirocco shareholders to be held to consider the transaction. All shareholders are urged to carefully read the information circulars once they become available as they will contain additional important information concerning the transaction.

Details regarding these and other terms of the transaction are set out in the Arrangement Agreement, which is available on SEDAR at www.sedar.com.

The information agent for the Arrangement is Kingsdale Shareholder Services Inc. ("Kingsdale"). Questions and requests for assistance, including requests for additional information may be directed to Kingsdale at 1-866-581-0510 or by email at: contactus@kingsdaleshareholder.com.

About Sirocco

Sirocco Mining Inc. is a Canadian company which produces iodine from its Aguas Blancas mine in northern Chile. In addition, Sirocco has exploration interests in West Africa and is actively assessing other opportunities in the resource sector. For more information regarding Sirocco, please refer to Sirocco's public filings available at www.sedar.com and www.siroccomining.com including, in particular, Sirocco's Management's Discussion and Analysis for the year ended December 31, 2012 and its Annual Information Form for the year ended December 31, 2012 and the Management's Discussion and Analysis for the three-month and nine-month periods ended September 30, 2013.

About Canada Lithium

Canada Lithium 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. For more information regarding Canada Lithium, please refer to Canada Lithium's public filings available at www.sedar.com and www.canadalithium.com including, in particular, Canada Lithium's Management's Discussion and Analysis for the year ended December 31, 2012 and its Annual Information Form for the year ended December 31, 2012 and the Management's Discussion and Analysis for the three-month and nine-month periods ended September 30, 2013.

Forward-Looking Statements

Certain information contained in this news release, including any information relating to the proposed transaction (the "Transaction") and each issuer's future financial or operating performance may be deemed "forward-looking". These statements relate to future events or future performance and reflect each issuer's expectations regarding the Transaction, and the future growth, results of operations, business prospects and opportunities of Sirocco, Canada Lithium and the combined company. These forward-looking statements also reflect each issuer's current internal projections, expectations or beliefs and are based on information currently available to Sirocco or Canada Lithium, respectively. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. Assumptions upon which such forward looking information regarding completion of the Transaction are based include that Sirocco and Canada Lithium will be able to satisfy the conditions to the Transaction, that the required approvals will be obtained from the shareholders and optionholders of each issuer, as applicable, that all third party regulatory and governmental approvals to the Transaction will be obtained and all other conditions to completion of the Transaction will be satisfied or waived. Although Sirocco and Canada Lithium believe that the forward-looking information contained in this news release is based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on forward-looking information. Sirocco and Canada Lithium expressly disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

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