

Nemaska Lithium Announces CAD 600M Equity Investment Proposal from The Pallinghurst Group

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- Enters into a letter of intent for a CAD 200M private placement and a CAD 400M rights offering guaranteed by way of a stand-by commitment
- The private placement and rights offering both to be concluded at CAD 0.25 per share

QUEBEC CITY, July 19, 2019 -- [Nemaska Lithium Inc.](#) (the "Corporation" or "Nemaska Lithium") (TSX: NMX) (OTCQX: NMKEF) (Frankfurt: NOT) is pleased to announce that it has received and accepted a letter of intent ("LOI") from The Pallinghurst Group ("Pallinghurst"), a global metals and mining industry investor, for the financing of the Whabouchi project, comprised of a lithium mine located in the Eeyou Istchee James-Bay territory and an electrochemical plant in Shawinigan. Pallinghurst's LOI contemplates a CAD 200M private placement at CAD 0.25 per share and a stand-by purchase agreement to fully guarantee the successful completion of a rights offering of up to CAD 400M at the same issue price.

Pallinghurst and the Corporation agreed to a 3-month exclusivity period to allow for, among other things, the finalization of definitive agreements and completion of Pallinghurst's due diligence.

The BBA report's conclusions disclosed on April 29, 2019 supported the Corporation's February 13, 2019 Whabouchi project cost-to-complete internal estimate, pursuant to which additional net funds of approximately CAD 375M were then required. However, it is the Corporation's and Pallinghurst's desire to ensure that the Corporation will be fully financed, while benefiting from reasonable financial flexibility to ensure the project attains nameplate capacity at the Shawinigan electrochemical plant. As such, the ultimate size of the rights offering will be determined by the parties following completion of Pallinghurst's due diligence review and prior to execution of the definitive agreements.

"I am very proud today to share with all Nemaska Lithium stakeholders, the positive outcome of months of thorough review of alternatives and of discussions with several interested parties. Pallinghurst is a renowned financier with a unique vision and a deep knowledge of the lithium and battery material sector, making it a prime partner with whom we can embark on the next phase of our development. With Pallinghurst and *Investissement Québec*'s loyal support, we are solidifying the Corporation's longevity and therefore, increasing the inherent value of the project for our stakeholders," said Guy Bourassa, President and CEO of Nemaska Lithium.

"It is a pleasure to announce Pallinghurst's intention to become a key partner of Nemaska Lithium, a corporation that truly embodies the future of supplying premium quality lithium products to the rapidly growing battery industry. The Corporation's sustainable approach to the mining of its world-class deposit combined with the use of innovative value-adding technology sets Nemaska Lithium apart. In our view, Nemaska Lithium's lithium salt will rapidly become one of the most sought-after battery materials globally. The Nemaska Lithium investment is in line with Pallinghurst's desire to focus exclusively on the supply of critical battery and fuel-cell related materials. In addition, we are delighted to further invest in the Province of Québec, one of the world's most attractive mining jurisdictions," said Arne H. Frandsen, Co-founder and Managing Partner of Pallinghurst.

"As a longstanding partner of the Corporation, we are pleased to support Nemaska Lithium. We welcome the arrival of Pallinghurst, a strategic partner, with whom we intend to continue to ensure the sustainability of the project. The Nemaska Lithium project is a great opportunity for growth for our electric vehicle sector, an industry that generates positive economic benefits for Québec," said Guy LeBlanc, President and Chief Executive Officer, *Investissement Québec*.

Context of the Announcement

The Board of Directors of Nemaska Lithium has accepted the LOI based on a unanimous recommendation from a special committee of independent directors that was charged with reviewing all alternatives with the assistance of financial and legal advisors, as was announced by the Corporation on February 27, 2019. After having solicited and engaged into discussions with several parties and having considered available alternatives, the Board of Directors has determined that it is now in the best interests of Nemaska Lithium and its stakeholders to finalize negotiations on an exclusive basis with Pallinghurst with a view to completing the transaction.

In its recommendation, the special committee considered many factors, including the interests of the Corporation and its stakeholders, the economic and market environment in which Nemaska Lithium operates, the equity commitment size and the structure combining a private placement and a rights offering. This transaction will, allow existing Nemaska Lithium shareholders to participate. The special committee concluded that the overall terms of Pallinghurst's LOI are reasonable and acceptable, notably the duration of the exclusivity period, the covenants of Pallinghurst and the contemplated terms of the definitive agreements.

Additional Terms of the Letter of Intent

The LOI provides that, in case of termination of the transaction, Pallinghurst will be entitled to receive either a payment of a CAD 12M fee or, at its sole discretion, warrants providing for the issuance of such number of shares that represents 19.99% of the shares outstanding of Nemaska Lithium as at the date of the execution of the LOI at a price of CAD 0.25 per share, for a period of 12 months following the grant of such warrants. Issuance of the warrants is subject to the approval of the Toronto Stock Exchange.

The definitive agreements will also contain numerous conditions and deal protection provisions, including non-solicitation covenants customary for this type of transaction, applicable regulatory approvals including, but not limited to, the approval of the Toronto Stock Exchange, and the approval of the shareholders of Nemaska Lithium. In addition, it remains subject to the amendment of certain terms of the current stream agreement and senior secured callable bonds.

It is anticipated that a special meeting of Nemaska Lithium shareholders to consider this transaction would be held in or before October 2019. Additional details regarding the timing of this transaction will be communicated over the coming weeks.

There is no assurance that definitive agreements will be reached in relation to any transaction following the exclusivity period and the ongoing discussions. No assurance may be given that a transaction will occur in relation to the proposed transaction or otherwise, or regarding the definitive terms of such transaction, if any.

Arrangement Pursuant to Section 192 of the *Canada Business Corporations Act*

In light of the complexity of the implementation of the investment proposal and the number of stakeholders involved, Nemaska Lithium sought a preliminary interim order pursuant to the Canada Business Corporations Act, a federal law in Canada under which a solvent corporation can efficiently implement such a complex transaction. The process itself is called an "arrangement", a term widely construed, as it aims to encompass novel, complex and unique transactions in the best interest of all stakeholders.

Clarksons Platou Securities AS and National Bank Financial are acting as financial advisors to the Corporation.

Conference Call

Nemaska Lithium will host a conference call on July 19, 2019 at 2:30 PM EDT. The Corporation's President and CEO, Mr. Guy Bourassa, and Co-founder and Managing Partner of Pallinghurst, Mr. Arne H.

Frandsen, will discuss this morning's announcement. The call can be accessed at the following:

Online

<https://edge.media-server.com/mmc/p/uecet5m6>

Dial information

US/CANADA Participant Toll-Free Dial-In Number: (866) 353-6129
US/CANADA Participant International Dial-In Number: +1 (409) 217-8084
Conference ID: 4898630

About Nemaska Lithium

[Nemaska Lithium Inc.](#) is a developing chemical company whose activities will be vertically integrated, from spodumene mining to the commercialization of high-purity lithium hydroxide and lithium carbonate. These lithium salts are mainly destined for the fast-growing lithium-ion battery market, which is driven by the increasing demand for electric vehicles and energy storage worldwide. With its products and processes, the Corporation intends to facilitate access to green energy, for the benefit of humanity.

The Corporation will be operating the Whabouchi mine in Québec, Canada, one of the richest lithium spodumene deposits in the world, both in volume and grade. The spodumene concentrate produced at the Whabouchi mine will be processed at the Shawinigan plant using a unique membrane electrolysis process for which the Corporation holds several patents.

The Corporation is a member of the S&P/TSX SmallCap Index, S&P/TSX Global Mining Index, S&P/TSX Global Base Metals Index, S&P/TSX Equal Weight Global Base Metals Index, and the MSCI Canada Small Cap Index. For more information, visit www.nemaskalithium.com or [twitter.com/Nemaska Lithium](https://twitter.com/NemaskaLithium).

About The Pallinghurst Group

The Pallinghurst Group is a London-based leading strategic investor in the global metals and mining sector with significant development, operational and financial expertise in mining. For the past 12 years, Pallinghurst has put US\$2 billion of equity capital to work in a number of mining projects. As a hands-on investor, Pallinghurst seeks to act as a catalyst for developing and unlocking value for the benefit of all stakeholders. Pallinghurst's investors consist of blue-chip family offices, sovereign wealth funds as well as specialized mining investors.

To learn more about Pallinghurst : www.pallinghurst.com

Cautionary Statement on Forward-Looking Information

All statements, other than statements of historical fact, contained in this press release including, but not limited to, those relating to obtaining the additional capital required to enable the Corporation to complete construction, the ability to obtain amendments to, and thereafter meet funding and other conditions under, the streaming agreement and the senior secured bonds, constitute "forward-looking information" and "forward-looking statements" within the meaning of certain securities laws and are based on expectations and projections as of the date of this press release. Certain important assumptions by the Corporation in making forward-looking statements include, but are not limited to, the closing of Pallinghurst's investment and rights offering (assuming shareholders' approval), providing the Corporation with the additional capital required to (i) fulfill the conditions precedent to receive the remaining proceeds from the project financing (being the second tranche payment under the Streaming facility and the Bonds offering proceeds), (ii) resume and complete project construction and commissioning, and (iii) reach commercial production.

Forward-looking statements contained in this press release include, without limitation, those related to (i) the ability of the Corporation to close Pallinghurst's proposed investment and rights offering, allowing the Corporation to meet the revised budget and bring the project to commercial production, (ii) Investissement Québec's continued support to close the Pallinghurst investment and rights offering, (iii) the Corporation's longevity and the increase of the project's inherent value for shareholders, (iv) the obtaining of shareholders' approval, (v) the ability of the Corporation to obtain amended terms to the current stream agreements and the senior secured callable bonds, (vi) the execution of definitive agreements with Pallinghurst, (vii) the completion of an arrangement under the Canada Business Corporations Act, (viii) the ability of the Corporation to meet funding and other conditions under the Streaming agreement and the senior secured bonds, (ix) the ability of the Corporation to complete the mine construction and the Shawinigan facility, and (x) generally, the statements made by Messrs. Bourassa and Frandsen (notably those about the general outlook of the transaction) as well as the above "About Nemaska Lithium" paragraph which essentially describes the Corporation's outlook. Forward-looking statements are based on expectations, estimates and projections as of the time of this press release. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.

Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that (i) amendments to the Bond terms or the Streaming Agreement will be obtained, (ii) definitive agreements will be concluded with Pallinghurst, (iii) the proposed investment will close, (iv) shareholders will approve the Pallinghurst investment, (v) that the Corporation will meet conditions under the streaming facility and the bonds and (vi) the Whabouchi mine and/or the electrochemical plant in Shawinigan will be commissioned and will begin production, as future events could differ materially what is currently anticipated by the Corporation.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. Readers are cautioned not to place undue reliance on these forward-looking statements as a number of important risk factors and future events could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of the Corporation's Annual Information Form dated October 10, 2018, and the "Risk Exposure and Management" section of the Corporation's quarterly Management Discussion & Analysis. The Corporation cautions that the foregoing list of factors that may affect future results is not exhaustive, and new, unforeseeable risks may arise from time to time. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

Further information regarding Nemaska Lithium is available in the SEDAR database (www.sedar.com) and on the Corporation's website at: www.nemaskalithium.com.

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