

Lomiko Metals Inc. Provides Shareholders Update On The Sale Of Subsidiary Lomiko Technologies Inc.

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Vancouver, Nov. 25, 2019 - [Lomiko Metals Inc.](#) ("Lomiko Metals") (TSX-V: LMR, OTC: LMRMF, FSE: DH8C) At the request of the Ontario Securities Commission, Lomiko Metals is issuing this release in order to better inform shareholders of the transaction that will be presented at the Annual Special General Meeting scheduled for November 29, 2019 at 11:00 am (Vancouver time) at Suite 1400, 885 West Georgia Street, Vancouver, BC, V6C 3E8 (the "Meeting"). Lomiko Metals encourages shareholders to read, in detail, the Information Circular mailed to shareholders dated October 25, 2019 and filed on SEDAR at www.sedar.com.

Sale of Assets

By agreement dated July 31, 2019, Lomiko Metals has agreed to sell its wholly-owned subsidiary, Lomiko Technologies Inc. ("LTI") to Promethieus Technologies Inc. (the "Purchaser") for \$1,236,625 plus \$193,614.32 representing reimbursement of expenses (the "Asset Sale Transaction"). The transaction is non-arm's length as (1) A. Paul Gill is a director and officer of Lomiko Metals, a director of LTI and a director of the Purchaser; (2) Satvinder (Sat) Samra is a director of Purchaser and a shareholder of Lomiko Metals; and (3) Lomiko Metals is a 20% shareholder of the Purchaser at present, prior to its IPO and financing.

[Lomiko Metals Inc.](#)'s independent directors to this transaction are Julius Galik and Gabriel Erdelyi (the "Independent Directors") which comprise a Review Committee ("Committee") reviewing the transaction.

Assets of Lomiko Technologies

Smart Home Devices Ltd. ("SHD")

SHD is a private company developing a series of energy saving, connected building automation and security products and is focused on developing smart home automation and security devices for homes, offices, industrial buildings and hotels. SHD was formed to commercialize intellectual property jointly under development at the Megahertz Power Systems innovation lab (the majority shareholder of SHD and the initial developer of the Spider Charger concept). SHD technology focuses on power savings, connectivity and security. LTI holds 1,792,269 shares of SHD.

Lomiko Metals previously accounted for the equity value of SHD through direct costs that were incurred and in particular, incorporation expenses, purchase of inventory parts, patents, website, and share value. Lomiko Metals shareholding in SHD was diluted to 18.25% which caused significant loss of control over the future of SHD. Lomiko Metals was of the opinion that it should discontinue the accounting for SHD using the equity method. As at July 31, 2018, Lomiko Metals assessed that the investment in SHD was impaired and recorded a write-down of \$1,136,574 to the investment to \$1.

Graphene ESD Corp. ("G-ESD")

G-ESD is a private company developing energy storage-based graphene platelets. On December 12, 2014, LTI purchased 1,800 shares of G-ESD Series A Preferred Stock at a purchase price of \$101.27 US per share for a total consideration of \$182,281 US. Each Series A Preferred Stock held by LTI may be

convertible to common stock at the option of LTI and without the payment of additional consideration. Dividends would be payable at the rate per annum of \$4.05 per share; however, over the period of four years there has been no activity in G-ESD and G-ESD continued to accumulate losses. As of July 31, 2019, LTI equity value in G-ESD was \$56,572 and management assessed that the value in G-ESD was impaired and should be written off.

Reasons for the Asset Sale Transaction

Lomiko Metals has been unsuccessful in financing LTI and its assets. Both SHD and G-ESD achieved progress and created prototypes with SHD achieving partial advancement to underwriter's lab testing and patent filings. In 2018 it became apparent that Lomiko Metals could not make any further cash investments to the assets as Lomiko Metals' primary focus was the graphite project and alternative financing was required for LTI. Without further funding, the assets were considered without value.

Lomiko Metals had been funding various tech start-ups as a way to create alternative income sources. It had funded from 2014 to present Graphene 3D Lab, G-ESD, SHD and Promethieus Technologies Inc. The idea was to create a revenue-generating subsidiary that could act as a hedge against the vagaries of the junior mining market where the ability to raise funds for projects was and is very inconsistent. Despite some initial success with Graphene 3D Lab and recovery of some of the funds put forward, the other projects did not see commercial success and were taxing the treasury. Further, the market capitalization of Lomiko Metals become smaller and smaller and the percentage of technology interest increased to the point in January 2018 that the BC Securities Commission requested Lomiko Metals provide comment on whether it should undergo a Change of Business to a technology issuer. It was at that time the concept of spinning out or creating a technology vehicle was conceived. In 2018 Management sought funding sources for the advancement and/or sale of technology assets and settled on a plan to change the focus of the subsidiary Promethieus to a technology incubator that could qualify for listing in Europe as disclosed in April 6, 2018 and June 26, 2018 news releases. The process is currently ongoing and confirmation of listing approval on an EU Exchange is still pending but near completion.

An initial concept of a sale of the technology assets to Promethieus was proposed by Management as a way to separate the metals and technology. In September 2018 Promethieus changed its name to Promethieus Technologies Inc. It was clear that Lomiko Metals needed funding in 2018-19 to complete its option and drilling and administration would tax the treasury. During the progress of the strategy, the Independent Directors were provided progress reports regarding the inability to complete funding for Promethieus, SHD, and G-ESD during Directors meetings. In 2019, Lomiko Metals was approached by the management of the Purchaser which made an offer to purchase SHD for \$ 350,000. Negotiations then ensued among the parties. Promethieus also became interested in licenses to manufacture SHD technology which was held by LTI and they were included in the negotiations. After examination, Promethieus then offered to acquire all the assets of LTI and that included G-ESD shares. Lomiko Metals then arranged to transfer its direct holdings of SHD to LTI. The negotiations culminated in July 2019 with Promethieus offering to purchase all of the shares of LTI. The Committee worked hard to establish a fair value for LTI and its sale. The Committee's main focus was to recover Lomiko Metals' initial investment which was achieved.

In determining that the terms and conditions of the Asset Sale Transaction contemplated thereby are in the best interests of the shareholders of Lomiko Metals, the Committee considered and relied upon a number of factors, including, among other things, the following:

It is apparent that the status-quo of Lomiko Metals funding LTI was not economically viable as the assets were not advancing;

- the consideration to be paid pursuant to the Asset Sale Transaction is all cash;
- the Asset Sale Transaction is the result of a strategic review process conducted by a Committee comprised of Lomiko Metals Independent Board of Directors, which included reviewing a broad range of strategic alternatives available to Lomiko Metals;
- The Committee reviewed Management's equity funding efforts for Lomiko Metals as a whole and the specific projects to discover any ways to fund LTI without a sale of the assets;
- The Committee reviewed Management efforts to seek funding via a debenture or loan;
- The Committee communicated with the CEO of Promethieus to discover if the maximum value had been attained by Lomiko Metals for the assets;
- The Committee confirmed with Auditors the expenditures of Lomiko Metals to fund LTI in the past and found the sale price was equal to the costs incurred by Lomiko Metals;

- The Committee reviewed Management's effort to attract buyers and investors in the projects;
- The Committee considered an evaluation for the projects but determined that it would not be cost-effective or beneficial for Lomiko Metals, as the buyer would not pay more than the negotiated price;
- At the conclusion of this Strategic Review, the Committee unanimously determined that the Asset Sale Transaction was the best alternative among the limited opportunities available to Lomiko Metals to maximize shareholder value having regard to Lomiko Metals current financial and operational position;
- the resolution approving the Asset Sale Transaction must be approved by a special resolution by a majority of the common shares represented and voted at the Meeting after excluding the votes required to be excluded under MI 61-101 (as defined below);
- the terms and conditions of the Asset Sale Transaction, including the parties' respective representations, warranties and covenants, and the conditions to their respective obligations have been disclosed;
- the Committee believes that it is likely that the limited conditions to complete the Asset Sale Transaction will be satisfied;
- to the knowledge of the Committee, there are no material regulatory issues which are expected to arise in connection with the Asset Sale Transaction so as to prevent completion, and it is anticipated that all required regulatory clearances are obtained; and
- after conducting a review of Lomiko Metals' financing and strategic alternatives, the Committee has determined that Lomiko Metals subsidiaries could not continue to operate as going concerns and was not likely to create greater value for shareholders than the value obtained for shareholders pursuant to the Asset Sale Transaction.

The foregoing summary of the information and factors considered by the Committee is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Asset Sale Transaction, the Committee did not quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The Committee's recommendations were made after consideration of all of the above-noted factors and in light of the Committee's collective knowledge of the business, financial condition and prospects of Lomiko Metals.

Summary of Terms

The following summary of the Asset Sale Transaction is qualified in its entirety by the terms of the Share Purchase Agreement, a copy of which has been filed on SEDAR at www.sedar.com. Any capitalized terms and section reference not otherwise defined herein shall have the meanings set forth in the Share Purchase Agreement.

the Purchaser will acquire all of the shares of LTI;

- the purchase price for all of the common shares of LTI is Cdn. \$1,236,625 plus \$193,614.32 representing reimbursement of expenses;
- pending approval of the Asset Sale Transaction at the meeting and satisfaction of all conditions to closing set forth in the Share Purchase Agreement, closing is scheduled to occur within five (5) business days after all closing conditions have been met, and in any event no later than December 31, 2019;
- major conditions to closing are: (1) the approval of the Asset Sale Transaction at the Meeting; (2) a financing to be completed by the Purchaser of \$3,670,750; (3) the approval of the TSX Venture Exchange; and (4) the representations and warranties being correct at the time of closing and no material adverse change having occurred at the time of closing;
- Lomiko Metals has made normal-course representations and warranties; and
- both Lomiko Metals and the Purchaser will be responsible for the payment of their own transaction costs, including legal, accounting, tax and regulatory compliance costs.

Independent Valuation

Lomiko Metals has relied on an exemption to a Formal Valuation based on MI 61-101 Section 5(5)(g). Lomiko Metals CFO, Jacqueline Michael, has verified Lomiko Metals expenditures and expenses for the financial years 2015, 2016, 2017 and 2018 relating to LTI.

TSX Venture Exchange Application

Lomiko Metals has filed its application for approval of the Asset Sale Transaction with the TSX Venture Exchange and has received conditional approval.

Effect of the Asset Sale Transaction on the Corporation and Plans of the Corporation Post-Closing

Assuming that the Asset Sale Transaction is approved at the Meeting and subsequently completed according to the terms disclosed herein, Lomiko Metals will still continue its exploration in the mining sector.

Summary of Anticipated Tax Consequences of Asset Sale Transaction

Lomiko Metals did not retain any formal tax opinion on the transaction but is of the view that there are no anticipated tax consequences passed on to the shareholders.

Anticipated Ramifications of Failure to Approve the Asset Sale Transaction

If the Asset Sale Transaction resolution is not approved by shareholders at the meeting, Lomiko Metals shall continue with its current operations. The Committee will continue to evaluate and consider strategic alternatives going forward but has unanimously recommended that shareholders vote in favour of the Asset Sale Transaction as they believe it is in the best interests of Lomiko Metals for the reasons set out herein.

Required Shareholder Approvals for the Asset Sale Transaction

Canada Business Corporations Act

Although the Asset Sale Transaction is in the ordinary course of business, it is a non-arms' length transaction that requires that the Asset Sale Transaction resolution must be approved by disinterested shareholder approval.

TSX Venture Exchange Policy 5.9 and MI 61-101

Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders (excluding interested or related parties), independent valuations and, in certain circumstances, approval and oversight of the transaction by a special committee of independent directors.

Lomiko Metals is subject to the provisions of MI 61-101 because the common shares are listed on the TSX Venture Exchange and Policy 5.9 of the TSX-V Corporate Finance Manual (the “Policy 5.9”) incorporates MI 61-101 into the policies of the TSX Venture Exchange and Policy 5.9 applies to all issuers listed on the TSX Venture Exchange.

Lomiko Metals is a 20% holder of the Purchaser and this creates a requirement for review under MI 61-101. MI 61-101 states that a “related party transaction” means, for an issuer, a transaction between the issuer and a person that is a related party of the issuer at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, the issuer directly or indirectly (a) purchases or acquires an asset from the related party for valuable consideration, (b) purchases or acquires, as a joint actor with the related party, an asset from a third party if the proportion of the asset acquired by the issuer is less than the proportion of the consideration paid by the issuer, (c) sells, transfers or disposes of an asset to the related party,…”. Pursuant to MI 61-101 this is a “related party transaction” and minority approval will be sought at the Meeting.

Further, the Purchaser's directors are A. Paul Gill and Sat Samra. Mr. Gill is a director and officer of

Lomiko Metals and LTI. Mr. Samra is a director and officer of SHD and a shareholder of Lomiko Metals. Therefore, Mr. Samra's and Mr. Samra's common shares will be excluded from voting on such matters for purposes of determining whether the required "minority approval" has been obtained as provided by MI 61-101. Mr. Gill currently holds 5,725,910 common shares of Lomiko Metals, directly and indirectly. Mr. Samra holds 1,976,474 common shares of Lomiko Metals, directly and indirectly.

Based upon the Committee's consideration of, among other things, the current market conditions and other relevant matters as set forth herein, the Committee has unanimously determined that the terms and conditions of the Asset Sale Transaction contemplated thereby are fair to the shareholders and in the best interests of Lomiko Metals and the shareholders.

A resolution shall be placed before shareholders at the Meeting scheduled for November 29, 2019 at 11:00 am (Vancouver time) at Suite 1400, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

For more information on this transaction please contact Gabriel Erdelyi at info@lomiko.com.

On Behalf of the Board,

[Lomiko Metals Inc.](#)

"Gabriel Erdelyi"

Gabriel Erdelyi

Director

We seek safe harbor.

Neither 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.

This news release does not constitute an offer to sell, or the solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities offered under the offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S of the Securities Act) or a person in the United States, unless an exemption from such registration requirements is available.

Forward-Looking Statements

This release includes forward-looking statements regarding Lomiko and its business. Such statements are based on the current expectations and views of future events of Lomiko's management. In some cases, the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of the failure to consummate the project financing, the economic feasibility of the La Loutre Project, known and unknown risk factors and uncertainties affecting Lomiko, including risks regarding the resource industry, economic factors and the equity markets generally and many other factors beyond the control of Lomiko. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such

forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Forward-looking statements speak only as of the date on which they are made and Lomiko undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable securities laws.

Attachment

- Vote

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