

# Nemaska Lithium is Granted Court Approval of the Sale Proposal from Orion Mine Finance, Investissement Québec and The Pallinghurst Group

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MONTREAL, Oct. 15, 2020 - Nemaska Lithium Inc. (the "Corporation," Nemaska Lithium Whabouchi Mine Inc., Nemaska Lithium Shawinigan Transformation Inc., Nemaska Lithium P1P Inc. and Nemaska Lithium Innovation Inc. (collectively, the "Nemaska Entities")) have obtained an approval and vesting order (the "Approval and Vesting Order") from the Superior Court of Québec (Commercial Division) (the "Court") issued in connection with the proceedings under the *Companies and Creditors Arrangement Act* (the "CCAA").

The Approval and Vesting Order approved the previously announced transactions (collectively, the "Transaction") contemplated in the sale proposal structured as a credit bid from a group made up of the Corporation's largest secured creditor, Orion Mine Finance (the "Orion"), Investissement Québec and The Pallinghurst Group, acting through a new entity named Quebec Lithium Partners (The Pallinghurst Group collectively with Investissement Québec being hereinafter, the "Sponsors"). Pursuant to the Transaction, the Sponsors are acquiring, on a 50-50 basis, all of the issued and outstanding shares of an entity resulting from the amalgamation of the Nemaska Entities, which will itself emerge from the CCAA proceedings and subsequently be amalgamated with entities currently controlled by Orion to form the entity that will operate the business of the Corporation (the "New Nemaska Lithium"). New Nemaska Lithium will apply to the Canadian securities regulatory authorities for a decision that, following the completion of the Transaction, it would cease being a reporting issuer under applicable Canadian securities laws.

The Approval and Vesting Order also approved the implementation of a reorganization of the Nemaska Entities that involves: (a) the incorporation of two new entities (collectively, "Residual Nemaska Lithium") to ultimately hold certain excluded liabilities of the Nemaska Entities, certain excluded cash of the Corporation on hand at closing, subject to certain adjustments (the "Residual Cash"), and certain excluded assets (the "Excluded Assets"), and (b) the exchange of the shares of the Corporation, on a one-for-one basis for common shares of Residual Nemaska Lithium (the "Exchange"), that will result in Residual Nemaska Lithium becoming a successor reporting issuer under applicable Canadian securities laws.

The Approval and Vesting Order will enable Residual Nemaska Lithium to submit a joint plan of compromise and arrangement and to call a creditors' meeting to vote on such plan. Such meeting will be called shortly after the closing of the Transaction.

The Excluded Assets include, among other things, 15,000,000 common shares in the capital of [Vision Lithium Inc.](#) currently held by the Corporation, which, based on the closing price of such shares on the TSX Venture Exchange on October 14, 2020, are worth approximately \$525,000. Unfortunately, based on the terms of the Transaction and the consideration to be received by Residual Nemaska Lithium, holders of the Corporation's shares will not receive any payments for, or distributions on, their shares in connection with the CCAA proceedings, nor will they hold any interest in New Nemaska Lithium following the completion of the plan of compromise or arrangement.

## Exchange of shares

The Exchange will occur on the date that is four business days before the closing date of the Transaction. At the same time all issued and outstanding options, warrants or other securities of the Corporation (including securities convertible, exchangeable or exercisable for shares of the Corporation) shall be canceled for no

consideration. Following the Exchange, each share certificate (or other evidence of ownership of shares of the Corporation) representing shares of the Corporation shall be deemed to represent for all purposes the same number of common shares of Residual Nemaska Lithium. Accordingly, shareholders will not be required to surrender their share certificates representing shares of the Corporation and in the context of the Transaction, since there is no residual value for shareholders, no action is required from shareholders to complete the Exchange.

The Corporation will confirm by press release once the Exchange occurs. All non-residents of Canada should determine with their own tax advisors if any tax filings are required related to the disposition having regards to their own circumstances.

#### Tax Considerations of the Exchange

The following section provides a general summary of certain Canadian federal tax considerations to beneficial owners of common shares of the Corporation (the "Shares") who, for the purposes of the *Income Tax Act* (Canada) (the "Tax Act") and at all relevant times, are or are deemed to be resident in Canada hold their shares as capital property, deals at arm's length and are not affiliated with Residual Nemaska Lithium (the "Canadian Holders").

For purposes of the Tax Act, the Exchange will generally not result, pursuant to subsection 85.1(1) of the Tax Act, in a Canadian Holder realizing a capital loss. A Canadian Holder may, however, elect to realize a capital loss upon the Exchange by including in its return of income for the taxation year in which the Exchange occurred the capital loss, as otherwise determined, resulting from the Exchange.

This summary does not discuss all of the tax considerations potentially applicable to Canadian Holders or to other holders of shares and all holders should consult their own tax advisors as to the federal, provincial and foreign tax considerations applicable to them having regard to their own circumstances.

#### Questions and Answers about the Exchange

The following are some questions that you, as a shareholder, may have relating to the CCAA proceedings and proposed Transaction and answers to those questions. These questions and answers are of general nature and do not provide all of the information relating to the CCAA proceedings and the Transaction or the matters to be considered in connection thereto and are qualified in their entirety by the more detailed information contained elsewhere in this press release, the CCAA proceedings and Court related documentation, all of which are important and should be reviewed carefully.

Q: As a shareholder, will I receive any payment or distribution in connection with the CCAA proceedings?

A: No. Unfortunately, there is no residual value for shareholders. Shareholders will not receive any payments for, or distributions on, their shares in connection with the CCAA proceedings.

Q: Why are my shares of Nemaska being exchanged?

A: Your shares are being exchanged (on a one-for-one basis for common shares of Residual Nemaska Lithium) as part of a reorganization of the Nemaska Entities. However, as indicated above, unfortunately there is no residual value for shareholders in connection with the CCAA proceedings. As result of the Exchange, you will not hold any interest in New Nemaska Lithium which will operate the business of Nemaska following the completion of the CCAA proceedings.

Q: Do I need to do anything to complete the exchange of my shares or contact my broker?

A: No. The context of the transaction provides an automatic exchange of shares and no action is required from shareholders to complete the Exchange. Following the Exchange, each share certificate (or other evidence of ownership of shares of the Corporation) representing shares of the Corporation shall be deemed

to represent for all purposes the same number of common shares of Residual Nemaska Lithium. Accordingly, shareholders will not be required to surrender their share certificates representing shares of the Corporation.

Q: Will the common shares of Residual Nemaska Lithium, which I will receive as a result of the Exchange, have any value?

A: The common shares of Residual Nemaska Lithium will not be of any value. The Exchange is only made for reorganization purposes, and Residual Nemaska Lithium will not conduct any business activities.

Q: How can I claim my tax losses?

A: Generally, a shareholder may elect to realize a capital loss upon the Exchange by including in its income tax return for the taxation year in which the Exchange occurred the capital loss resulting from the Exchange. It is important to understand that the automatic exchange of shares upon the proposed transaction results in the deferral of the capital loss to the shareholder on his or her shares unless the shareholder elects to include any portion of the capital loss otherwise determined, in computing its income for the relevant taxation year. For this purposes, no tax form, tax slips or other similar documentation will be provided to any such shareholder. It is the shareholder's sole responsibility to elect to realize the capital loss otherwise determined.

In any cases, shareholders should consult their own tax advisors as to the possibility of realizing a capital loss upon the Exchange as well as to obtain assistance and advice in determining the capital loss otherwise realized upon the Exchange.

Q: If I am a non-resident of Canada, what do I need to do?

A: The Corporation will confirm by press release once the Exchange occurs and will make available on [www.sedar.com](http://www.sedar.com) and on the Monitor's website certain tax documentation and forms that may be required to be completed and filed, within 10 days following the Exchange, by certain shareholders, option holders or warrant holders, as applicable, which are non-resident of Canada. All non-residents of Canada should determine with their own tax advisors if any tax filings are required related to the disposition having regards to their own circumstances.

Q: Who can I call if I have any questions?

A: You may call 514-205-5698, a number set up by the Monitor, for any questions or additional information. You should also consult with your own tax advisors as to the tax considerations resulting from the Exchange.

#### Next Steps in the CCAA Restructuring

As previously announced, the Transaction is conditional upon the satisfaction of customary closing conditions. Nemaska Lithium and the Sponsors expect to close the Transaction in the fourth quarter of 2020.

As mentioned above, the Court also approved procedures under the CCAA for Residual Nemaska Lithium to file and submit, following closing of the Transaction, a plan of compromise or arrangement to its creditors in respect of the Residual Cash and any proceeds of the Excluded Assets.

More information regarding the Corporation's situation, decisions or actions will continue to be provided on an ongoing basis, as required by applicable law or as may be determined by the Corporation or the Court. For more information, visit [www.nemaskalithium.com](http://www.nemaskalithium.com). You can also refer to the Monitor's website for more information regarding the CCAA procedures at <https://www.pwc.com/ca/en/services/insolvency-assignments/nemaska-lithium-inc.html>.

#### 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 the CCAA proceedings, the Transaction and the Corporation's activities and its ability to meet its obligations, 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, satisfaction of all closing conditions under the Transaction during the fourth quarter of 2020.

Forward-looking statements contained in this press release include, without limitation, those related to the ability of the Corporation to close the Transaction and the timing of closing, the value of the common shares of [Vision Lithium Inc.](#) as Excluded Assets, the emergence from the CCAA proceedings, and the presentation of a plan of compromise or arrangement to Residual Nemaska Lithium's creditors and calling of a meeting of creditors. 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. In addition, there can be no assurance that the CCAA proceedings will result in the maximization of the return in respect of the Corporation's assets and those of its subsidiaries.

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 September 30, 2019, 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](http://www.sedar.com)) and on the Corporation's website at: [www.nemaskalithium.com](http://www.nemaskalithium.com).

FOR FURTHER INFORMATION, PLEASE CONTACT:

Gabrielle Tellier  
Media Relations  
514 348-0466  
[gabrielle.tellier@nemaskalithium.com](mailto:gabrielle.tellier@nemaskalithium.com)

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