

NBS Capital Inc. Announces Definitive Scheme Implementation Agreement with Electric Metals (USA) Limited

04.01.2021 | [Newsfile](#)

And Closing of Subscription Receipt Financing for Gross Proceeds of \$4.43 Million

Ottawa, January 4, 2021 - [NBS Capital Inc.](#) (TSXV: NBS.P) ("NBS" or the "Company") announces further to its press release of October 19, 2020, that it has entered into a definitive scheme implementation agreement (the "Arrangement Agreement") effective December 31, 2020 with Electric Metals (USA) Limited ("EML"), an unlisted public company incorporated under the laws of New South Wales, Australia, to effect an arm's length transaction pursuant to a scheme of arrangement under the laws of Australia which will constitute the qualifying transaction (the "Proposed Transaction") of NBS pursuant to the policies of the TSX Venture Exchange (the "TSXV").

Trading in the common shares of NBS has been halted in accordance with the policies of the TSXV, as first announced on November 27, 2019. Trading in the common shares of NBS will remain halted until such time as all required documentation has been filed with and accepted by the TSXV in connection with the Proposed Transaction. There can be no assurances that the Proposed Transaction will be completed on the terms set out below or at all.

The Proposed Transaction

NBS currently has 7,692,500 common shares outstanding (each, an "NBS Common Share") and stock options to acquire 730,000 NBS Common Shares at a price of \$0.10 per share expiring December 18, 2023 (the "NBS Stock Options"). It is expected that all NBS Stock Options outstanding will be exercised in accordance with their terms on or prior to the completion of the Proposed Transaction.

Pursuant to the Arrangement Agreement, it is expected that EML will become a wholly-owned subsidiary of NBS (the "Resulting Issuer" following completion of the Proposed Transaction). The Proposed Transaction will be effected by way of a share exchange effected pursuant to a court-supervised scheme of arrangement (the "Scheme of Arrangement") under the Australian Corporations Act 2001 (Cth) (the "Australian Corporations Act"), whereby NBS will acquire all of the outstanding ordinary shares of EML in accordance with the terms of the Arrangement Agreement and the Scheme of Arrangement. The Company and EML anticipate that upon closing of the Proposed Transaction, the Resulting Issuer will meet the TSXV's initial listing requirements for a Tier 1 or Tier 2 mining issuer.

Following the execution of the Arrangement Agreement, the parties will prepare a scheme booklet (the Scheme Booklet") to be sent to shareholders of EML in connection with meeting of the shareholders to approve the Scheme of Arrangement. The Scheme Booklet must include the disclosures required by the Australian Corporations Act including the directors' recommendations and any other material information. In addition, EML will arrange for an independent expert's report with respect to the Proposed Transaction to be included in the EML meeting materials.

EML will file the Scheme of Arrangement documentation with the Australian Securities and Investments Commission ("ASIC") for review. The review period is expected to be 14 days. Following ASIC review, EML shall apply for a hearing in the Federal Court of Australia (the "First Court Hearing") for orders convening the meeting of ordinary shareholders of EML to consider the Scheme of Arrangement (the "Scheme Meeting"). Following the First Court Hearing, there will be a 28-day notice period prior to holding the Scheme Meeting.

If the Scheme of Arrangement is approved by the requisite majorities at the Scheme Meeting, EML will arrange for a second Court hearing (the "Second Court Hearing") for an order approving the Scheme of Arrangement.

At the Second Court Hearing, the Court will consider whether the requirements of the Australian Corporations Act have been complied with and whether the Scheme of Arrangement is fair to the EML shareholders. If the Court is satisfied that, among other things, the ordinary shareholders of EML have received all material information that they need to make an informed decision with respect to the Scheme of

Arrangement and that the Scheme Meeting was properly conducted, the Court will approve the Scheme of Arrangement which will take effect (the "Effective Date") upon it being lodged with ASIC. Immediately following the Effective Date will be the record date for determining the ordinary shareholders subject to the Scheme of Arrangement, following which will be the implementation date. There can be no assurances that the Court will render orders calling the Scheme Meeting, find that the Scheme of Arrangement is fair to the shareholders of EML or that it will approve the Scheme of Arrangement.

Name Change and Consolidation

On December 14, 2020, conditional on the imminent effectiveness of the Scheme of Arrangement, the shareholders of NBS approved: (i) a name change to "Nevada Silver Corporation" or such other name as is acceptable to EML (the "Name Change"); (ii) the consolidation of the NBS Common Shares by a factor of between 0.7 to 0.75 (the "Consolidation"), which consolidation ratio will ultimately be determined by the Board of Directors of NBS; and (iii) the election to the Board of Directors of Sheldon Inwentash, Gary Lewis, Dr. Henry Sandri, John Kutkevicius and Dr. Ian Pringle. The parties currently expect that the final Consolidation ratio shall be 0.73271. All issuances of NBS Common Shares in connection with the Proposed Transaction, including those issued in connection with the Concurrent Financing (please see below), will be issued on a post-Consolidation basis.

In connection with the Proposed Transaction, it is anticipated that NBS shall issue an aggregate of 43,820,020 post-Consolidation NBS Common Shares to the current shareholders of EML, on a pro-rata basis, on closing of the Proposed Transaction in exchange for all of the issued and outstanding securities of EML. In addition, it is expected that NBS shall issue at least 13,447,425 NBS Common Shares to investors in the Concurrent Financing (please see below). The number of post-Consolidation NBS Common Shares to be issued may be adjusted depending on the final Consolidation Ratio determined by the parties to be appropriate in connection with the Proposed Transaction.

Electric Metals (USA) Limited

EML is a public, unlisted company incorporated under the laws of New South Wales, Australia on July 24, 2019. It is a US-based resource company, with its material asset being the 100% owned Corcoran Canyon Silver Project ("Corcoran") in Nevada. EML also holds a high-grade manganese project in Minnesota, USA.

Corcoran is located within a highly productive belt of current and past producing mines. Previous metallurgical testing of Silver Reef material returned an overall 76.6% recovery of silver through flotation and cyanidation. Based on mining operations at other silver-dominant projects, mineralization in the Silver Reef zone may also be amenable to heap-leach processing. EML believes that the project is located near good infrastructure with moderate terrain in a mining-friendly jurisdiction. The project area includes 328 contiguous mineral claims (2,674 ha) covering the existing mineralization as well as three exploration expansion targets.

The major shareholders of EML include Lewis Super Admin Pty Ltd. ("Lewis Holdco") which holds 22.8% of the outstanding ordinary shares of EML, and ACT2 Pty Limited ("ACT2") which holds 13.2% of the outstanding ordinary shares. Gary Lewis, the Chief Executive Officer of EML and a resident of New South Wales, Australia, controls each of Lewis Holdco and ACT2. Dr. Henry J. Sandri and Karen L. Spaulding of Minnesota, USA, jointly hold 17.7% of the outstanding ordinary shares of EML. The foregoing numbers are calculated on pre-Concurrent Financing (please see below) basis. Assuming the automatic exercise of the 11,453,909 subscription receipts issued by EML in the Concurrent Financing to date, Lewis Holdco will hold 18.1% of the outstanding ordinary shares of EML, ACT2 will hold 10.5% and Dr. Sandri and Karen Spaulding will jointly hold 14.0%. These percentages may change depending on completion of additional tranches of the Concurrent Financing.

The Concurrent Financing

In conjunction with the Proposed Transaction, EML and NBS have completed a non-brokered private placement (the "Concurrent Financing") of subscription receipts (the "Subscription Receipts") in multiple tranches for aggregate gross proceeds of Cdn\$4,437,650.25 to date, at a price of Cdn\$0.33 per Subscription Receipt. Pursuant to the Concurrent Financing to date, EML issued a total of 11,453,909 Subscription Receipts for proceeds of Cdn\$3,779,789.97, and NBS issued a total of 1,993,516 Subscription Receipts for proceeds of Cdn\$657,860.28.

As a result, NBS is pleased to announce that minimum proceeds of Cdn\$4,000,000 required as a condition for completion of the Proposed Transaction have now been raised. The parties may close on additional tranches of sales of Subscription Receipts on or prior to completion of the Proposed Transaction in order to

raise aggregate gross proceeds of up to Cdn\$5,000,000. Finder's fees may be payable in connection with sourcing investors to participate in the Concurrent Financing. In the event any finder's fees are payable in connection with subscriptions for subscription receipts of NBS, in accordance with TSXVE policies they will only be paid upon the satisfaction of the Escrow Release Conditions and the release of the financing proceeds to the Resulting Issuer.

The proceeds raised in connection with the Concurrent Financing raised to date (net of certain professional and financing fees) have been, and the proceeds of any future tranche of the Concurrent Financing (net of certain professional and financing fees) (such funds together, the "Escrowed Funds") will be, delivered to and are being or will be held in escrow on behalf of the subscribers by TSX Trust Company (the "Escrow Agent") and invested in an interest-bearing account pending the satisfaction or waiver (to the extent such waiver is permitted) of certain escrow release conditions (the "Escrow Release Conditions") (please see below) on or before the 120th day after the closing of the Concurrent Financing (the "Termination Date"), in accordance with the provisions of subscription agreements entered into with the subscribers in the Concurrent Financing and subscription receipt agreements entered into with the Escrow Agent.

Each Subscription Receipt shall entitle the holder thereof to receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions on or before the Termination Date, without payment of additional consideration or further act or formality on the part of the holder thereof, one ordinary share in the capital of EML (each, an "Underlying Share") and one-half of one ordinary share purchase warrant of EML (each whole such warrant, an "Underlying Warrant"). Each whole Underlying Warrant will entitle the holder to acquire one share of the Resulting Issuer at an exercise price of \$0.60 per share for a period of two years from the closing of the Qualifying Transaction (the "Warrant Expiry Date"); however, the number of Resulting Issuer shares issuable, and the price per share payable, on exercise of the Underlying Warrants may be adjusted if the Consolidation Ratio is adjusted. The Company will be entitled to accelerate the Warrant Expiry Date upon notice to the Underlying Warrant holders should the closing price of the shares of the Resulting Issuer on the TSXV be greater than \$1.00 for twenty consecutive trading days.

Each Underlying Share will then be exchanged for one common share of the Resulting Issuer (on a post-Consolidation basis) upon closing of the Proposed Transaction and each Underlying Warrant will, upon exercise in accordance with its terms, entitle the holder thereof to one common share (on a post-Consolidation basis) of the Resulting Issuer.

The Escrow Release Conditions comprise:

- (a) raising minimum proceeds of \$4,000,000 under the Concurrent Financing;
- (b) the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction other than the release of the Escrowed Funds;
- (c) the receipt of all shareholder and regulatory approvals required for the Qualifying Transaction;
- (d) Court approval of the Scheme of Arrangement;
- (e) written confirmation from each of EML and NBS that all conditions of the Qualifying Transaction have been satisfied or waived, other than release of the Escrowed Funds, and that the Qualifying Transaction shall be completed forthwith upon release of the Escrowed Funds (the "Release Notice");
- (f) the distribution of (i) the Underlying Shares and Underlying Warrants and (ii) the Resulting Issuer common shares to be issued in exchange for the Underlying Shares pursuant to the Qualifying Transaction following the satisfaction of the Escrow Release Conditions being exempt from applicable prospectus and registration requirements of applicable securities laws and not subject to any hold or restricted period;
- (g) the Resulting Issuer common shares being conditionally approved for listing on the TSXV, and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrowed Funds; and
- (h) EML (or NBS, in the case of subscription receipts of NBS) shall have delivered the Release Notice to the Escrow Agent in accordance with the terms of the Subscription Receipt agreements entered into with subscribers of the Concurrent Financing.

In the event that: (i) the Escrow Agent does not receive the Release Notice at or prior to 11:59 p.m. (Toronto time) on the Termination Date, or (ii) if prior to the Termination Date, the Company advises the subscribers or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Subscription

Receipts will be null and void and of no further effect, and the Escrow Agent will return to each holder of Subscription Receipts an amount equal to the aggregate subscription price of the Subscription Receipts held by such holder plus a pro rata portion of any interest and other income earned on the Escrowed Funds, less applicable withholding taxes, if any. EML will be responsible and liable to the holders of Subscription Receipts for any shortfall between the aggregate Subscription Price and the Escrowed Funds.

In the event the Escrow Release Conditions are satisfied, and the Proposed Transaction is completed, the Escrowed Funds will be released to the Resulting Issuer. The Resulting Issuer intends to use the Escrowed Funds to fund the exploration of EML's Corcoran Canyon Silver Project, pay for expenses of the Concurrent Financing and the Proposed Transaction, and for general working capital purposes.

Any securities issued by the Resulting Issuer in connection with the Concurrent Financing will be in addition to the Resulting Issuer common shares that will be distributed to the current EML ordinary shareholders in connection with the Scheme of Arrangement. Assuming that no additional Subscription Receipts are issued beyond those disclosed herein, investors in the Concurrent Financing will hold approximately 21.2% of the issued and outstanding Resulting Issuer common shares following completion of the Scheme of Arrangement, on a non-diluted basis. If the Concurrent Financing is completed in full for gross proceeds of \$5,000,000, investors in the Concurrent Financing will hold approximately 23.2% of the issued and outstanding Resulting Issuer common shares following completion of the Scheme of Arrangement, on a non-diluted basis. There can be no assurances that any additional Subscription Receipts will be issued in addition to those disclosed herein.

Closing Conditions

The completion of the Proposed Transaction and the implementation of the Scheme of Arrangement will be subject to a number of conditions, including but not limited to, the accuracy and truthfulness of the representations, warranties, conditions and covenants of the parties set out in the Arrangement Agreement, the approval of the Scheme of Arrangement by the Federal Court of Australia and the shareholders of EML, the completion of the Proposed Transaction being in accordance with applicable laws and the receipt of all necessary approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, including ASIC and the TSXV. The Proposed Transaction cannot close until the required conditions are satisfied or waived, and there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Risks and Uncertainties

The Scheme of Arrangement contains a number of risks and uncertainties, which will be set out in greater detail in the filing statement of NBS on TSXVE Form 3B2 to be filed by NBS in connection with the Qualifying Transaction. These include, but are not limited to, risks associated with the completion of the Qualifying Transaction; while NBS is expected to apply to list the Resulting Issuer common shares to be distributed to EML ordinary shareholders and to investors in the Concurrent Financing on the TSXVE, NBS can not make any assurances that such listing will be approved. There can be no assurances that the Resulting Issuer will be able to maintain a listing on a stock exchange if one is approved or that exploration of the Corcoran project will result in discovery of economically recoverable mineralization. The Scheme of Arrangement is subject to Court, regulatory, TSXVE and EML ordinary shareholder approval, any of which may not be forthcoming. Even if the Concurrent Financing is completed in full, for which there can be no assurances, there can be no assurances that the Resulting Issuer's utilization of the funds raised in the Concurrent Financing will yield positive results. While NBS and EML intend to complete the Scheme of Arrangement in a manner that does not produce unfavourable tax results for NBS, EML or the shareholders, there may be adverse tax consequences - each shareholder and investors in the Concurrent Financing should consult with his, her or its tax advisors to understand the tax implications of the Scheme of Arrangement. Please see the section entitled "Cautionary Note Regarding Forward-Looking Statements" for further risk and uncertainties associated with the Scheme of Arrangement.

Technical Information

The technical information in this news release has been reviewed and approved by Dr. Ian Pringle, a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain "Forward-Looking Statements" within the meaning of applicable

securities legislation relating to the proposal to complete the Proposed Transaction and associated transactions, including statements regarding the terms and conditions of the Proposed Transaction, the Concurrent Financing, the use of proceeds of the Concurrent Financing, and the business of the Resulting Issuer. The information about EML contained in the press release has not been independently verified by the Company. We use words such as "might", "will", "should", "anticipate", "plan", "expect", "believe", "estimate", "forecast" and similar terminology to identify forward looking statements and forward-looking information. Such statements and information are based on assumptions, estimates, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments as well as other factors which it believes to be reasonable and relevant. Forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from those expressed or implied in the forward-looking statements and information and accordingly, readers should not place undue reliance on such statements and information. Although the Company believes, in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Company can give no assurance that they will prove to be correct. In evaluating forward-looking statements and information, readers should carefully consider the various factors which could cause actual results or events to differ materially from those expressed or implied in the forward looking statements and forward-looking information depending on, among other things, the risks that the parties will not proceed with the Proposed Transaction, the Concurrent Financing and/or other associated transactions, that the ultimate terms of the Proposed Transaction, the Concurrent Financing and/or other associated transactions will differ from those currently contemplated, and that the Proposed Transaction, the Concurrent Financing and/or other associated transactions will not be successfully completed for any reason (including the failure to obtain the required approvals or clearances from regulatory authorities). The statements in this press release are made as of the date of this release. The Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, EML, their respective securities, or their respective financial or operating results (as applicable).

Completion of the transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSXV has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

This press release is intended for distribution in Canada only and is not intended for distribution to United States newswire services or dissemination in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

All information contained in this press release relating to EML was provided by EML to NBS for inclusion herein. NBS has not independently verified such information and shall bear no liability for any misrepresentation contained therein.

About NBS Capital Inc.

The only business of NBS is the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" in accordance with the policies of the TSXV.

Investors are cautioned that trading in the securities of a capital pool company should be considered highly speculative. For further information, contact: NBS Capital Inc. Paul Barbeau, Chief Executive Officer and Director. Phone: 613-232-1567 x 201.

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