Norzinc Enters Into Arrangement Agreement In Connection With Proposed Acquisition By Rcf

30.09.2022 | CNW

Shareholders who have questions about the proposed acquisition by RCF can contact NorZinc Ltd.'s strategic advisor and proxy solicitation agent Laurel Hill Advisory Group at 1-877-452-7184 or by e-mail at assistance@laurelhill.com.

VANCOUVER, Sept. 30, 2022 - NorZinc Ltd. (TSX: NZC) (OTCQB: NORZF) (the "Company" or "NorZinc") announced today that, based on the unanimous recommendation of an independent special committee (the "Special Committee") of its board of directors (the "Board") as well as unanimous approval by the Board, it has entered into an arrangement agreement (the "Arrangement Agreement") with RCF VI CAD LLC ("RCF"), in respect of a transaction whereby RCF will acquire all of the issued and outstanding common shares of the Company that RCF and its affiliates do not currently own pursuant to a court-approved plan of arrangement for $0.0325 in cash per NorZinc share, which represents a 3.5% premium to the 45-day VWAP of $0.0314 per share, (the "Transaction"). RCF and its affiliates currently hold approximately 48.31% of the outstanding common shares of the Company.

Concurrently with signing of the Arrangement Agreement, NorZinc and RCF have amended and restated the credit facility dated May 19, 2022, to provide for an increase in the commitment thereunder by US$11 million (the "Amended and Restated Credit Agreement").

Rohan Hazelton, President & CEO, NorZinc stated, "The Company has been working to address challenges with respect to its debt situation and capital funding needs given the current market conditions. Considering the interests of all stakeholders in the Company and its Prairie Creek Project, and in order to maintain the current development work at and accessing the site, The Board has explored all viable strategic alternatives. Ultimately, it has concluded that the unsolicited all-cash offer to the minority shareholders contained within the Arrangement Agreement is in the best interests of the Company and its stakeholders. While we believe this asset has an exciting future, given the current capital markets, debt and equity position of the Company, we believe this is the best alternative for the Company and its shareholders at the present time. We are proud of the recent milestones achieved in permitting and indigenous community agreements that have advanced Prairie Creek development and remain bullish on the long-term viability of the Project and the positive impact it will have on the local region."

Highlights of the Transaction

The Special Committee and the Board considered the Transaction with reference to the best interests of the Company, its stakeholders, ongoing project development, as well as its prospects, strategic alternatives and competitive position, including the risks involved in achieving those prospects and pursuing those alternatives in light of current market conditions and the Company's financial position.

The Special Committee and Board recommend the Transaction to securityholders based on a number of reasons, including, among others:

- Certain and immediate value for shareholders. The consideration payable to shareholders pursuant to the Transaction is all cash which provides shareholders with the opportunity to immediately realize cash for their investment.
- Significant growth and debt repayment funding required. The Company requires significant funding to advance its Prairie Creek Project particularly at this crucial point as major work on site and access development is in progress. The Company currently has limited cash, and negative working capital, to fund the necessary capital projects, significant debt that is subject to covenants, including the need to enter into a large near-term financing. The Company has been seeking funding to support its long-term business plan since early 2021 and has been unsuccessful to date. Equity financing sufficient to satisfy covenants on the debt, repay debt and fund the progress of the Company's business plan, if available, may be significantly dilutive to shareholders.

- Status of debt obligations. The Company currently has $6.14 million including capitalized interest in debt which is outstanding. As is typical for companies at the stage of the Company, the debt is subject to a number of conditions and covenants. The Company has been trying to satisfy certain of these covenants without success and believes there is a material risk of failure. Failure to satisfy such covenants would give rise to an event of default and trigger an obligation to repay the facility. The Company expects that it would be unable to satisfy such an obligation and that it could be exposed to creditor enforcement proceedings that may significantly prejudice, or deprive, shareholders of any value of their investment.

- Arm's length negotiations and attractive value relative to alternatives. The consideration offered to shareholders pursuant to the Transaction is more favourable (and can be achieved with less risk) than the value that might have been realized through pursuing other alternatives available to the Company and is a result of a rigorous strategic process that was undertaken at arm's length with the oversight and participation of the Board, the Special Committee and the Company's external financial and legal advisors. As part of this process, the Company sought alternative transactions and negotiated with RCF to determine the best possible conditions for the Transaction and the position of RCF in relation to alternative transactions.

- Project execution and development risk. The consideration pursuant to the Transaction provides shareholders with certainty of value without the near and long-term risk associated with the development and execution of the Company's project. To that end, it will be several years before the Prairie Creek Project reaches commercial production, if at all.

- Valuation. National Bank Financial ("National Bank") provided a valuation to the Special Committee which concludes that, subject to the analyses, assumptions, qualifications and limitations discussed therein, as of September 29, 2022, the fair market value of the Company is in the range of $0.03 to $0.07 per share. The consideration payable pursuant to the Transaction is within the fair market value set out in the valuation. The full text of this opinion will be set out in the information circular in connection with the meeting to consider the Transaction.

- Fairness opinion. Each of National Bank and Scotia Capital ("Scotiabank"), have provided the Special Committee and Board, respectively, with a fairness opinion from their financial advisors to the effect that, as of the date hereof, subject to the assumptions, limitations and qualifications set out therein, the consideration payable pursuant to the Transaction is fair from a financial point of view to shareholders, other than RCF and its affiliates. The full text of these opinions will be set out in the information circular in connection with the meeting to consider the Transaction.

- Dissent Rights. The terms of the Transaction provide that registered shareholders who oppose the arrangement may, upon compliance with certain conditions, have the ability to exercise dissent rights and, if ultimately successful, to receive fair value for their common shares (as described in the plan of arrangement).

- Voting Support Agreements. RCF has entered into voting and support agreements (each, a "Voting Support Agreement") with each director and senior officer of the Company that owns securities (collectively, the "Supporting Securityholders"), pursuant to which the Supporting Securityholders have agreed, subject to the terms and conditions of the relevant Voting Support Agreement, to, among other things, vote their common shares or other securities they hold in the Company in favour of the Transaction. The Supporting Securityholders represent in aggregate approximately 0.8% of the outstanding common shares and 5.74% of the securities entitled to vote on the resolution approving the Transaction.

- Ability to Respond to Superior Proposals. Subject to the terms of the Arrangement Agreement, the Board is able to respond to any bona fide written proposal from a third party that, if consummated, may lead to a transaction more favourable to shareholders, from a financial point of view, than the Transaction. The termination payment payable by the Company in certain circumstances, would not, in the view of the Board and the Special Committee, after consultation with their legal and financial advisors, preclude a third party from potentially making a superior proposal.

The full background to the transaction and reasons for the recommendations of the Special Committee and Board will be set out in the information circular in connection with the meeting to consider the Transaction. The Special Committee and Board strongly recommend that securityholders read and consider the full text of the circular when it is provided to them.

Transaction Details

The Transaction is to be affected by way of a court-approved plan of arrangement under the Business

Corporations Act (British Columbia). The consummation of the Transaction is subject to a number of conditions customary to transactions of this nature, including, among others, the adoption of a resolution approving the Transaction at a special meeting of securityholders of the Company (the "Meeting") by: (i) at least 66?% of votes cast by the Company's shareholders present in person or represented by proxy at the Meeting; (ii) at least 66?% of votes cast by the Company's shareholders and holders of options, warrants, deferred share units and restricted share units (collectively, the "Securityholders"), voting together as a single class, present in person or represented by proxy at the Meeting; and (iii) a majority of the votes cast by the Company's shareholders present in person or represented by proxy at the Meeting, excluding votes attached to NorZinc common shares held by RCF and its affiliates and any other person as required under Multilateral Instrument 61-101 - Protection of Minority security Holders in Special Transactions ("MI 61-101").

The Company expects to hold the Meeting as early as possible in the fourth quarter of 2022 and the Transaction is expected to close shortly thereafter, subject to court approvals and other customary closing conditions.

In addition to Securityholder and court approvals, the Transaction is subject to applicable regulatory approvals including, but not limited to, Toronto Stock Exchange approval. The Arrangement Agreement contains customary provisions including non-solicitation, "fiduciary out" and "right to match" provisions, as well as a US$250,000 termination fee payable to RCF under certain circumstances. Further details regarding the terms and conditions of the Transaction are set out in the Arrangement Agreement, which will be publicly filed by the Company under its SEDAR profile at www.sedar.com. Additional information regarding the terms of the Arrangement Agreement, the background of the Transaction and the independent valuation and fairness opinions will be provided in the information circular for the Meeting, which will also be filed on the Company's SEDAR profile at www.sedar.com.

Special Committee and Board Approval

The Special Committee was established by the Board to consider the Transaction, as well as other alternatives available to the Company and, if it deemed advisable, negotiate with RCF. Following a comprehensive evaluation of the Transaction and extensive negotiations between the Special Committee and RCF on price and other terms of the Transaction, including amendments to the credit facility dated May 19, 2022, between the Company and RCF to address the Company's near-term liquidity while the Transaction is pending, the Special Committee unanimously recommended that the Board approve the Transaction. The Board (excluding conflicted directors), having received the unanimous recommendation of the Special Committee, unanimously determined that the Transaction is in the best interests of NorZinc and is fair to the shareholders of NorZinc other than RCF and its affiliates (the "Minority Shareholders") and recommends that Securityholders vote in favour of the Transaction at the Meeting.

Formal Valuation and Fairness Opinions

In connection with its review of the Transaction, the Special Committee retained National Bank to prepare a formal valuation in accordance with MI 61-101. National Bank delivered an oral opinion to the Special Committee that, as of September 29, 2022, and based on National Bank's analysis and subject to the assumptions, limitations and qualifications to be set forth in National Bank's written valuation, the fair market value of the common shares of the Company is in the range of $0.03 to $0.07 per common share. National Bank also delivered an oral opinion to the Special Committee that, as of September 29, 2022, and subject to the assumptions, limitations and qualifications to be set forth in National Bank's written fairness opinion, the consideration to be received by the Minority Shareholders is fair, from a financial point of view, to such Minority Shareholders.

The Board retained Scotiabank as its financial advisor in connection with its review of the Transaction. Scotiabank delivered an oral opinion to the Board that, as at September 29, 2022 and subject to the assumptions, limitations and qualifications to be set forth in Scotiabank's written fairness opinion, the consideration to be received by the Minority Shareholders pursuant to the Transaction is fair, from a financial point of view, to such Minority Shareholders.

Amended and Restated Credit Agreement

Concurrently with entering into the Arrangement Agreement, RCF and the Company entered into the Amended and Restated Credit Agreement to provide for an increase in the commitment thereunder by US$11 million in order to address the Company's near-term liquidity needs while the Transaction is pending. The primary amendments include:

- a new US$11 million commitment from RCF to fund the Company's 2022 work program as described in the Budget attached to the Amended and Restated Credit Agreement and to finance costs associated with the Transaction and the Amended and Restated Credit Agreement;
- changing the date on which the loan is payable from 18 months after May 25, 2022 to March 31, 2023;
- all management plans and permits for the development of the Pioneer Winter Road ("PWR") to be completed by October 31, 2022
- the new US$11 million loan shall become immediately due and payable in full, within seven (7) business days, if the Arrangement Agreement is terminated, annulled or cancelled or if the Company is in breach of any of its material obligations, covenants or conditions thereunder and such breach is not remedied within five (5) days; and
- the Company has agreed to complete a rights offering in an amount of at least US$17 million, unless otherwise mutually agreed between the Company and RCF (the "Rights Offering), within 75 days following receipt by the Company of a request from RCF, which request may be delivered by RCF at any time in the case that the Transaction is cancelled or the Arrangement Agreement is terminated, annulled or cancelled or if the Company breaches any of its material obligations, covenants or conditions thereunder and such breach is not remedied within five (5) days.

The Amended and Restated contains customary negative pledges, and certain conditions including the completed Rights Offering, if requested by RCF, and certain other conditions. The first drawdown with respect to the additional loan amount of US$11 million is planned to occur upon receipt of approval of the loan from the TSX.

Voting and Support Agreements

All directors and senior officers of the Company have entered into voting and support agreements to vote their securities in favour of the Transaction, subject to certain customary exceptions.

Advisors

National Bank is acting as financial advisor to the Special Committee of NorZinc and Bennett Jones LLP is acting as legal counsel to the Special Committee.

Scotiabank is acting as financial advisor to NorZinc and DuMoulin Black LLP is acting as Canadian legal counsel to NorZinc.

Bacchus Capital Advisers is acting as financial advisor to RCF and Blake, Cassels & Graydon LLP is acting as legal counsel to RCF.

About NorZinc

NorZinc is a TSX-listed mine development Company trading under the symbol "NZC" and on the OTCQB under the symbol "NORZF". NorZinc is focused on developing its 100%-owned high-grade zinc-silver-lead Prairie Creek Project, located in the Northwest Territories.

Shareholder Questions

NorZinc shareholders who have questions about the Transaction can contact NorZinc's strategic advisor and proxy solicitation agent:

Laurel Hill Advisory Group
North American Toll Free: 1-877-452-7184 (or 416-304-0211 for shareholders outside North America)
Email: assistance@laurelhill.com

Forward-looking statements and forward-looking information

This news release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs of management of the Company

regarding future events. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends", "expects" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or will "potentially" or "likely" occur. This information and these statements, referred to herein as "forward looking statements", are not historical facts, are made as of the date of this news release and include without limitation, statements regarding the Transaction, expected timing and closing and various steps to be completed in connection with the Transaction, including the Meeting, closing and timing of the Amended and Restated Credit Agreement and completion, timing, and size of the Rights Offering, the use of proceeds thereof and the 2022 work program.

These forward-looking statements involve numerous risks and uncertainties, and actual results might differ materially from results suggested in any forward-looking statements. These risks and uncertainties include, among other things: the possibility that the Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at all due to a failure to obtain or satisfy, in a timely manner or otherwise, required Securityholder and regulatory approvals and other conditions of closing necessary to complete the Transaction or for other reasons, the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transaction, risks relating to the retention of key personnel during the interim period, the possibility of litigation relating to the Transaction, risks related to the diversion of management's attention from the Company's ongoing business operations, that results and impacts arising from the binding agreement between the Company and RCF will differ from the Company's expectations, changes to regional and global market trends, the ability of the Company to complete the Rights Offering if requested, ability to obtain management plan approvals and permits required to star construction of the Pioneer Winter Road, and other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company or the ability to consummate the Transaction or any of the matters contemplated in the Amended and Restated Credit Agreement, as well as those risk factors discussed or referred to in the Company's disclosure documents filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com.

In making the forward-looking statements in this news release, the Company has applied several material assumptions, including without limitation, assumptions regarding the ability to complete the Transaction on the contemplated terms, the conditions precedent to closing of the Transaction can be satisfied, the benefits and impacts arising from the binding agreement between the Company and RCF will be consistent with the Company's expectations.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.

SOURCE NorZinc Ltd.

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