

# Sherritt Announces Second Modified Dutch Auction to Purchase Secured Notes and Fixed Price Tender Offer to Purchase Junior Notes in 2022 for Aggregate \$50 Million

02.11.2022 | [Business Wire](#)

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[Sherritt International Corp.](#) ("Sherritt" or the "Corporation") (TSX:S), a world leader in the mining and hydrometallurgical refining of nickel and cobalt from lateritic ores, announced today the commencement of offers to purchase (i) its outstanding 8.50% senior second lien secured notes due 2026 (the "Secured Notes") pursuant to a modified Dutch auction process (the "Secured Notes Dutch Auction") and (ii) its outstanding 10.75% unsecured PIK option notes due 2029 (the "Junior Notes", and collectively with the Secured Notes, the "Notes") pursuant to a fixed price tender offer process (the "Junior Notes Fixed Price Tender Offer" and, together with the Secured Notes Dutch Auction, the "Offers" or the "Transaction") for aggregate cash consideration of up to \$50 million (the "Maximum Consideration Amount"), exclusive of accrued and unpaid interest on the purchased Secured Notes. The Transaction is on the same terms and conditions as the Notes purchase transaction completed by Sherritt in June 2022.

Sherritt intends to finance the Transaction from its available cash and from its availability under its syndicated revolving-term credit facility. Sherritt may increase or decrease the Maximum Consideration Amount at any time prior to the Extended Expiration Payment Date (as defined below) in its sole discretion. All amounts are in Canadian currency unless otherwise noted.

"Sherritt is very pleased to offer our noteholders a second opportunity this year for near term liquidity which may not be available otherwise," said Leon Binedell, President and CEO of Sherritt. "We completed our successful Notes purchase transaction in June 2022, which resulted in the reduction of the aggregate principal amount of our outstanding Notes by almost \$60 million, and a reduction in our annual interest expense by approximately \$5.5 million. With our strong results in 2022 to date, alongside expected cash flows, we have a further opportunity to reduce our debt while also remaining committed to advancing our growth strategy, including our announced expansion plans at the Moa Joint Venture. The June transaction together with today's announced transaction provide our noteholders with liquidity options to receive cash sooner for their Sherritt Notes. Sherritt remains committed to generating value for and acting in the best interests of our stakeholders."

## Consideration under the Offers

The following table sets out the Notes and certain payment terms under the Offers, which are discussed further below:

Notes	CUSIP Number	Principal Amount Outstanding	Transaction Process	Maximum Cash Consideration
Secured Notes	823901AM5	\$ 309.6 million	Modified Dutch Auction	\$820 <sup>(1)</sup>
Junior Notes	823901AN3	\$ 72.4 million	Fixed Price Tender Offer	\$520

(1) Based on the Maximum Secured Notes Bid Price (as defined below), and subject to determining the Clearing Price (as defined below) pursuant to the Secured Notes Dutch Auction process.

## Secured Notes

The Secured Notes will be priced per \$1,000 of principal amount of Secured Notes as determined by a modified Dutch Auction process whereby holders may specify either the minimum purchase price they are willing to receive for each \$1,000 of principal amount of their Secured Notes (a "Bid Price") or accept the purchase price for the Secured Notes determined by Sherritt pursuant to the terms of the Secured Notes Dutch Auction (the "Clearing Price"), as described in the Purchase Offer (as defined below), plus, where applicable, the Initial Participation Consideration Amount (as defined below) of \$30 per \$1,000 of principal amount of Secured Notes. Bid Prices specified for the Secured Notes must be less than or equal to \$820 per \$1,000 of principal amount of Secured Notes (the "Maximum Secured Notes Bid Price"). Bid Prices in excess of the Maximum Secured Notes Bid Price will not be accepted or used for the purposes of determining the Clearing Price. If none of the holders that tender Secured Notes pursuant to the Secured Notes Dutch Auction specify a Bid Price, the Clearing Price will be the Maximum Secured Notes Bid Price. Holders whose Secured Notes are purchased by Sherritt pursuant to the Secured Notes Dutch Auction will also be entitled to be paid in cash any accrued and unpaid interest from the last interest payment date up to, but not including, the applicable Payment Date (as defined below).

#### Junior Notes

The purchase price for the Junior Notes pursuant to the Junior Notes Fixed Price Tender Offer is a fixed price of \$520 per \$1,000 of principal amount of Junior Notes (the "Junior Notes Fixed Price") plus, where applicable, the Initial Participation Consideration Amount of \$30 per \$1,000 of principal amount of Junior Notes. The purchase price for the Junior Notes pursuant to the Junior Notes Fixed Price Tender Offer determined by Sherritt takes into account all accrued interest from the last interest payment date as part of the overall purchase price. Accrued interest in respect of the Junior Notes will not be paid in respect of any Junior Notes purchased by Sherritt pursuant to the Junior Notes Fixed Price Tender Offer. Junior Notes that are validly tendered and not withdrawn will have priority in acceptance over Secured Notes validly tendered and not withdrawn as discussed in further detail below.

#### Additional Initial Participation Consideration

Holders of Notes that validly tender and do not withdraw their Notes prior to 5:00 p.m. (Toronto time) on November 16, 2022 (the "Initial Expiration Date"), as such date and time may be extended or earlier terminated by Sherritt, and whose Notes are purchased by Sherritt pursuant to the applicable Offer, will be entitled to additional cash consideration of \$30 per \$1,000 of principal amount of purchased Notes (the "Initial Participation Consideration Amount"), payable on the applicable Payment Date.

#### Timeline and Process for the Offers; Priority of Notes Purchases

The Offers will be open for tender commencing as of 9:00 a.m. (Toronto time) on November 3, 2022, and will expire at 5:00 p.m. (Toronto time) on the Initial Expiration Date, unless the Offers are extended by Sherritt to 5:00 p.m. on December 1, 2022 (the "Extended Expiration Date", and together with the Initial Expiration Date, the "Expiration Dates" and each an "Expiration Date"), as such date and time may be extended or earlier terminated by Sherritt as described in the Purchase Offer.

Junior Notes validly tendered and not withdrawn prior to 5:00 p.m. (Toronto time) on the Initial Expiration Date will have priority in acceptance over Secured Notes validly tendered and not withdrawn prior to the Initial Expiration Date. Pursuant to the Transaction, Sherritt will purchase any Junior Notes validly tendered pursuant to the Junior Notes Fixed Price Tender Offer and not withdrawn prior to 5:00 p.m. (Toronto time) on the Initial Expiration Date (the "Initial Junior Notes Purchase"), subject to the terms and conditions set forth in the Purchase Offer, and then have the option to purchase Secured Notes validly tendered and not withdrawn pursuant to the Secured Notes Dutch Auction prior to 5:00 p.m. (Toronto time) on the Initial Expiration Date (the "Initial Expiration Secured Notes Purchase Option"), subject to (i) Sherritt's satisfaction with the Clearing Price for such Secured Notes, (ii) the Maximum Consideration Amount (taking into account the Initial Junior Notes Purchase) and (iii) the terms and conditions set forth in the Purchase Offer. The settlement date for any Notes purchased by Sherritt pursuant to the Initial Junior Notes Purchase and/or the Initial Expiration Secured Notes Purchase Option will be the date that is three business days after the Initial Expiration Date (the "Initial Expiration Payment Date").

If Sherritt exercises the Initial Expiration Secured Notes Purchase Option, the Transaction shall not be

extended past the Initial Expiration Date to the Extended Expiration Date. If Sherritt does not exercise the Initial Expiration Secured Notes Purchase Option, Sherritt can extend the Offers past the Initial Expiration Date to the Extended Expiration Date, as may be further extended or earlier terminated by Sherritt as described in the Purchase Offer.

Any additional Junior Notes validly tendered and not withdrawn prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date will have priority in acceptance over Secured Notes validly tendered and not withdrawn prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date (including, for clarity, any Secured Notes that may have been validly tendered prior to the Initial Expiration Date and not withdrawn). Pursuant to the Transaction, if the Offers are extended by Sherritt to the Extended Expiration Date, Sherritt will purchase any additional Junior Notes validly tendered and not withdrawn pursuant to the Junior Notes Fixed Price Tender Offer prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date (the "Additional Junior Notes Purchase"), subject to the terms and conditions set forth in the Purchase Offer, and then have the option to acquire Secured Notes validly tendered and not withdrawn pursuant to the Secured Notes Dutch Auction prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date (the "Subsequent Secured Notes Purchase Option"), subject to (i) Sherritt's satisfaction with the Clearing Price for such Secured Notes, (ii) the Maximum Consideration Amount (taking into account the Initial Junior Notes Purchase and Additional Junior Notes Purchase) and (iii) the terms and conditions set forth in the Purchase Offer. The settlement date for any Notes purchased by Sherritt pursuant to the Additional Junior Notes Purchase and the Subsequent Secured Notes Purchase Option will be the date that is three business days after the Extended Expiration Date (the "Extended Expiration Payment Date", and together with the Initial Expiration Payment Date, the "Payment Dates" and each a "Payment Date").

Junior Notes and, if Sherritt exercises the Initial Expiration Secured Notes Purchase Option, Secured Notes that in each case are tendered prior to 5:00 p.m. (Toronto time) on the Initial Expiration Date may be withdrawn at any time prior to 5:00 p.m. (Toronto time) on the Initial Expiration Date, but not afterwards unless otherwise required by law. If Sherritt does not exercise the Initial Expiration Secured Notes Purchase Option, Junior Notes tendered after 5:00 p.m. (Toronto time) on the Initial Expiration Date and prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date, and Secured Notes tendered at any time prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date, may be withdrawn at any time prior to 5:00 p.m. (Toronto time) on the Extended Expiration Date, but not afterwards unless otherwise required by law. Sherritt reserves the right, but is under no obligation, to amend the Maximum Consideration Amount at any time in its sole discretion (including, for certainty, after an Expiration Date and prior to the applicable Payment Date) without extending withdrawal rights.

The Transaction is subject to certain terms and conditions described in Sherritt's Offer to Purchase dated November 2, 2022 (the "Purchase Offer"). The above dates and times are subject, where applicable, to the right of Sherritt to extend, reopen, amend and/or terminate the Offers, subject to applicable laws. Sherritt may amend the Maximum Secured Notes Bid Price and/or the Junior Notes Fixed Price in its sole discretion, provided that if at the time of any such amendment there are fewer than three business days until the applicable Expiration Date for the Offers, Sherritt will extend the Offers so that at least three business days remain until the applicable Expiration Date. Holders should be aware that their broker, dealer, commercial bank, trust company or other intermediary will establish their own earlier deadlines for participation in, or withdrawal from, the Offers.

National Bank Financial Markets (NBF.CapitalMarkets@nbc.ca or (416) 869-8635) is acting as dealer manager, Kingsdale Advisors (contactus@kingsdaleadvisors.com or 1-800-749-9197) is acting as depository and as information agent, and Goodmans LLP is acting as Sherritt's legal advisor in connection with the Transaction. A copy of the Purchase Offer may be obtained by contacting National Bank Financial Markets or Kingsdale Advisors at the above contact information.

The Offers are made only by and pursuant to the terms of the Purchase Offer and the information in this news release is qualified by reference to the Purchase Offer. None of Sherritt, National Bank Financial Markets or Kingsdale Advisors make any recommendations as to whether holders should tender or withhold their Notes pursuant to the Offers. Sherritt may amend, extend or terminate either Offer in its sole discretion and subject to applicable law.

This news release does not constitute a notice of redemption under the redemption provisions of the indentures governing the Notes, nor does it constitute or form part of any offer or invitation to purchase or sell, or any solicitation of any offer to purchase or sell, the Notes or any other securities in any other country, nor shall it or any part of it, or the fact of its release, form the basis of, or be relied on or in connection with,

any contract thereof.

## About Sherritt

Headquartered in Toronto, Sherritt is a world leader in using hydrometallurgical processes to mine and refine nickel and cobalt - metals essential for an electric future. Its Technologies Group creates innovative, proprietary solutions for natural resource based industries around the world to improve environmental performance and increase economic value. Sherritt has embarked on a multi-pronged growth strategy focused on expanding nickel and cobalt production by up to 20% from 2021 and extending the life of mine at Moa beyond 2040. The Corporation is also the largest independent energy producer in Cuba. Sherritt's common shares are listed on the Toronto Stock Exchange under the symbol "S".

## Forward-Looking Statements

Certain statements and other information included in this press release constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") under applicable securities laws (such statements are often accompanied by words such as "anticipate", "forecast", "expect", "believe", "may", "will", "should", "estimate", "intend" or other similar words). All statements in this press release, other than those relating to historical information, are forward-looking statements, including, but not limited to the principal amount of any Secured Notes and/or Junior Notes to be purchased under the Offers; the deadlines, determination dates and settlement dates specified herein in regard to the Offers; increasing, decreasing or eliminating the Maximum Consideration Amount; and the payment of accrued and unpaid interest. Forward-looking statements in this press release are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such forward-looking statements. The key risks and uncertainties are set forth in the Purchase Offer and in the Corporation's reports filed with the Canadian securities regulatory authorities, including without limitation the "Risk Factors" section of the Annual Information Form of the Corporation dated March 24, 2022 for the year ended December 31, 2021 and the "Managing Risk" sections of the Corporation's Management's Discussion and Analysis for the three and nine months ended September 30, 2022, all of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). As such, undue reliance should not be placed on these forward-looking statements.

The forward-looking information and statements contained in this press release are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any oral or written forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/427232--Sherritt-Announces-Second-Modified-Dutch-Auction-to-Purchase-Secured-Notes-and-Fixed-Price-Tender-Offer-to->

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