

LEXI Announces Transactions to Create New Credit Facility, Complete Private Placement, Contract for New Technology, and Settle Certain Debts and Claims

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Toronto, February 1, 2023 - [Lithium Energi Exploration Inc.](#) (TSXV: LEXI) (the "Company" or "LEXI") is pleased to announce that it has entered into certain binding settlement documentation to settle certain outstanding debt obligations of LEXI, including all amounts owing to Arena Investors, LP ("Arena"), Triangle Lithium, LLC ("Triangle"), Steven C. Howard ("Howard") and Omar Ortega ("Ortega"). The Company has also entered into a subscription agreement with Triangle to provide additional working capital and settled the form of secured credit facility with Arena to provide a new credit facility of up to \$15 million (the "New Credit Facility") to the Company, of which \$7 million will initially be drawn-down at Closing. The Company has also entered into a lithium processing agreement to utilize the lithium extraction technology developed by [International Battery Metals Ltd.](#) ("IBAT").

A 2% transaction fee will be payable by the Company on any subsequent disbursements under the New Credit Facility after the initial \$7 million drawdown.

All transactions (together, the "Transactions") are expected to close contemporaneously ("Closing"), after receipt of all required approvals, including consents from the TSX Venture Exchange (the "TSXV") and LEXI's shareholders.

Noted Steven Howard, LEXI's CEO, "Closing these Transactions opens a bright, new future for LEXI. Adding new capital, highly-qualified talent, and proven extraction technology, while resolving LEXI's past obligations, unveils a new chapter in LEXI's growth - all happening at the perfect time for LEXI to further secure its place in the fast-rising lithium sector. These Transactions are a Phoenix Moment for LEXI and our team has worked tirelessly to bring them to fruition, a key component of which is putting the successor team in place to lead our Company forward. These Transactions both clear the slate and breath a new momentum into LEXI and the valuation of its assets. We couldn't be happier for our shareholders."

Details of the proposed Transactions are noted below.

Arena Debt and New Credit Facility

Arena and LEXI have entered into a settlement agreement (the "Settlement Agreement") pursuant to which the parties have agreed to settle all amounts owing to Arena by LEXI ("Arena Debt Settlement"). At Closing, LEXI will issue 30,000,000 common shares at a deemed price of \$0.1875 and 8,000,000 share purchase warrants to settle certain disputed amounts outstanding under the current credit facility (the "Arena Debt") provided to the Company by Arena. The Arena Debt is the subject of litigation in the courts of Ontario and British Columbia, as disclosed in the Company's reporting filed in its SEDAR profile at www.sedar.com, all of which litigation will be dismissed upon Closing of the Transactions. Each share purchase warrant will have a three-year term at an exercise price of \$0.30 per common share. The issuances of the common shares and warrants will eliminate all Arena Debt and result in the withdrawal and release of all related litigation.

In accordance with and subject to the terms and conditions of the Settlement Agreement, Arena has also agreed to provide LEXI with the New Credit Facility to be drawn down in three tranches (each, a "Term Loan"), which shall equal up to \$15 million in total. At Closing, the first Term Loan of \$7 million will be drawn by LEXI. Subsequent Term Loans will be subject to mutually agreed milestones as set out in the definitive loan documentation and be subject to a 2% cash transaction fee. Each Term Loan will have a maturity date that is 24 months from the draw down date. Each Term Loan will be secured against all of the assets of LEXI

and bear interest at 12% per annum and, at Arena's option, up to 50% of such interest can be paid in common shares of LEXI subject to approval of the TSXV. Arena will also be issued common share purchase warrants (the "Loan Warrants") representing 100% coverage of each respective tranche of the Term Loan (net of the 2% transaction fee with respect to any subsequent Term Loans). The Loan Warrants issued pursuant to the first Term Loan at Closing will have an exercise price of \$0.24. Loan Warrants issued pursuant to each subsequent Term Loan shall have an exercise price equal to the market price as determined by the policies of the TSXV. The term of all Loan Warrants shall be equal to the term of the related Term Loan.

The Arena Debt Settlement and the entering into of the New Credit Facility is subject to the successful completion of all of the other Transactions in accordance with the terms of the Settlement Agreement, including without limitation the settlement or repayment of all other outstanding Company debt and the entering into by the Company of the Lithium Processing Agreement (as defined below).

Upon Closing the Arena Debt Settlement, LEXI has agreed to pay a success fee to Triangle equal to 10% of the Arena Debt ("Settlement Fee"). The Settlement Fee will be paid by the issuance of 3,000,000 common shares, issued at a deemed price of \$0.1875 per common share, and 3,000,000 common share purchase warrants of the Company. Each share purchase warrant will have a three-year term at an exercise price of \$0.30 per common share.

Upon Closing of the New Credit Facility and the drawdown of the initial Term Loan of \$7 million, LEXI has agreed to pay a success fee to Howard equal to 12.5% of the first Term Loan ("Success Fee"). The Success Fee will be paid by the issuance of 4,666,667 common shares of the Company, issued at a deemed price of \$0.1875 per common share.

Triangle and Related Party Debt Settlements

LEXI has entered into debt settlement agreements with Triangle, Howard, Ortega, and companies controlled by Howard or Ortega (collectively, the "Debt Settlement Agreements") to settle all amounts currently outstanding. The Company expects that, as of the Closing, balances outstanding will be: i) \$3,548,316 due to Triangle (the "Triangle Debt"), which Triangle acquired at its face value pursuant to debt assignments from Meteor Energy, LLC (\$2,057,187) and Mountas, Inc. (\$1,491,129), companies owned and controlled by Howard and Ortega; ii) \$780,013 due to Howard and/or companies controlled by Howard (the "Howard Debt") and iii) \$557,387 due to Ortega and/or a company controlled by Ortega (the "Ortega Debt").

The Triangle Debt will be settled by the issuance of 18,924,354 common shares at a deemed price of \$0.1875 per common share and the issuance of 18,924,354 share purchase warrants. Each share purchase warrant will have a three-year term at an exercise price of \$0.30 per common share. The Howard Debt will be settled by the issuance of 4,160,068 common shares at a deemed price of \$0.1875 per common share. The Ortega Debt will be settled by the issuance of 2,972,730 common shares at a deemed price of \$0.1875 per common share.

Upon Closing the Debt Settlement Agreements, the Company has arranged a non-brokered private placement to be subscribed by Triangle for gross proceeds of \$500,000 (the "Private Placement"). The Private Placement will consist of 2,666,667 units at a price of \$0.1875 per unit. Each unit will consist of one common share and one common share purchase warrant. Each common share purchase warrant will have an exercise price of \$0.30 per common share and a term of 36 months from the Closing date of the Private Placement. The Private Placement is subject to approval of the TSXV. Gross proceeds of the Private Placement will be used to repay existing accounts payable of the Company.

Under the Debt Settlement Agreements, LEXI has also agreed to severance payments payable to Howard and Ortega upon their resignations from LEXI. Upon the resignations of Howard and Ortega, LEXI will issue to each individual 1,450,268 common shares to settle severance payments of \$271,925 each at a deemed price per common share of \$0.1875.

Closing the Debt Settlement Agreements is contingent on closing the New Credit Facility and Arena Debt Settlement and is subject to regulatory approvals, including TSXV approval and shareholder approval.

Lithium Processing Technology Agreement

Facilitated by Triangle, LEXI has entered into a brine processing agreement ("Lithium Processing Agreement") with Ensorcia Argentina, LLC, an arm's length party to LEXI that is an affiliate of Ensorcia Metals Corporation ("Ensorcia"), a controlling shareholder of Triangle, to provide LEXI with access to a direct lithium extraction technology developed and owned by IBAT. Ensorcia has the exclusive license to implement the IBAT technologies in Argentina. Under the terms of the Lithium Processing Agreement, LEXI will pay, as directed by Ensorcia, a one-time fee in the amount of \$1,350,000 comprised of a \$335,871 cash payment at Closing and issuance of 5,408,979 common shares of LEXI at a deemed price of \$0.1875 per common share. According to IBAT's 9/27/22 press release, a full scale, modular IBAT processing plant, constructed and operational in Louisiana since May of 2022, has received rigorous third party evaluation by SLR International Corporation, whose results confirmed that this first-of-its-kind, commercial-scale plant extracts more than 65% of the lithium from the processed brine, which is "dramatically higher than existing commercial DLE technology" and recycles 94% of the water used in the process, which is "far superior to traditional evaporation extraction methods".

No finder's fee is being paid by LEXI in connection with the Lithium Processing Agreement.

Director and Management Changes and Governance

If all approvals are obtained, upon Closing of the Transactions, LEXI will welcome new members to its Board of Directors, including Daniel Blanks, a representative of Arena, and Ali Rahman, a representative of Triangle. Concurrent with installing the new Board members, the Company will also accept resignations from Howard and Ortega, as officers and/or directors with a new slate of management personnel recommended to the Board, including Ali Rahman as the Company's new CEO. If the Transactions close and the resignations are accepted, the Company will offer its deepest gratitude to the departing officers for their years of dedicated service to the Company's shareholders and wish them well in their future endeavors.

Incoming Directors and Officers:

1. Ali Rahman - Director, Chief Executive Officer
2. Daniel Blanks - Director

Outgoing Directors and Officers:

1. Steven C. Howard - Director, Chief Executive Officer
2. Omar E. Ortega - Vice President-Latin America

Triangle and Arena will also enter into an investor rights agreement with LEXI, pursuant to which each of Arena and Triangle will be entitled to designate one member to serve on LEXI's Board of Directors and participate in any future equity issuances of the Company to maintain their pro rata ownership percentages (subject to the terms and conditions of the investor rights agreement). Initially those nominees will be Daniel Blanks and Ali Rahman, per the above.

Summary

Upon Closing of the Transactions: i) all of LEXI's outstanding obligations prior to Closing will be retired and satisfied in full; ii) LEXI will add access to use of IBAT technologies to its development plans; iii) LEXI will have new working capital contributions totaling \$7,500,000 from the Triangle private placement and first tranche of the new Credit Facility; iv) changes to LEXI's management and Board of Directors will be in effect; v) Triangle will own 30,000,000 common shares of LEXI and 24,591,021 share purchase warrants representing 20.1% of the post-transaction common shares outstanding (29.9% on a fully diluted basis); vi) Arena will own 30,000,000 common shares and 8,000,000 common share purchase warrants representing 20.1% of the post-transaction common shares outstanding (20.9% on a fully diluted basis, excluding warrants issued on the Credit Facility); vii) Howard will own 18,677,003 common shares of LEXI representing 12.9% of the post-transaction common shares outstanding (10.2% on a fully diluted basis); and viii) Ortega will own 9,722,996 common shares of LEXI representing 6.7% of the post-transaction common shares outstanding (5.3% on a fully diluted basis).

As proposed in these Transactions, after Closing, Arena and Triangle will each hold more than 20% of the

Company's issued and outstanding shares. Arena and Triangle are distinct parties with no relation to each other. Accordingly, each of Arena and Triangle will become a new Control Person pursuant to the rules of the TSXV and therefore, such parts of the Transactions will require approval of the Company's shareholders in accordance with the requirements of the TSXV.

Each of the Company, Triangle and Arena are at arm's length to each other. However, certain of the Transactions will constitute a "related party transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). In particular, the Debt Settlement Agreements with each of Howard and Ortega and the Success Fee payable to Howard in connection with the Credit Facility are all "related party transactions", as each of Howard and Ortega are presently directors and/or officers of the Company. The Debt Settlement Agreements with each of Howard and Ortega and the Success Fee payable to Howard will require the majority of the minority approval in accordance with subsection 5.6 of MI 61-101.

All common shares and warrants issued pursuant to the Transactions will be issued in reliance upon certain prospectus exemptions available under Canadian securities legislation and will be subject to a four month and one day hold period from the date of issuance.

Closing of the Transactions remains subject to various conditions, including the receipt of required LEXI shareholder approvals under MI 61-101 and the rules of the TSXV, and the acceptance of the TSXV. There is no guarantee that such conditions precedent will be satisfied or that any of the Transactions will be completed as described herein or at all. The Company intends to seek the requisite shareholder approvals for the Transactions at an upcoming shareholders meeting in March 2023.

About Arena Investors, LP. Arena Investors, LP is an institutional asset manager founded in partnership with The Westaim Corporation (TSXV: WED). With approximately \$3.5 billion of invested and committed assets under management as of December 31, 2022, and a team of over 100 employees in offices globally, Arena provides creative solutions for those seeking capital in special situations. The firm has individuals with decades of experience, a track record of comfort with complexity, the ability to deliver within time constraints, and the flexibility to engage in transactions that cannot be addressed by banks and other conventional financial institutions. See www.arenaco.com for more information.

About Triangle Lithium, LLC. Triangle Lithium, LLC is a Delaware limited liability company formed by Sorcia Minerals, LLC, a wholly-owned subsidiary of Ensorcia, and by an affiliate of Global Oil Management Group, LLC, a resource development holding company controlled by Harry Sargeant, III, a billionaire investor focused principally in the diversified energy and shipping industries, which operates an expansive, multibillion-dollar conglomerate of private global enterprises consisting of aviation companies, oil refineries, oil trading operations, alternative fuels development, alternative energy development, and oil and asphalt shipping.

About Ensorcia Argentina, LLC. Ensorcia Argentina, LLC is a Delaware limited liability company founded as a subsidiary of Ensorcia. Ensorcia is a private corporation formed to acquire, license, and develop proprietary technologies for the metals industry. Ensorcia is the largest shareholder of IBAT, has partnered with Dr. John Burba to develop IBAT's technologies, and holds an exclusive license to implement the IBAT technologies in certain countries in Latin America.

About Lithium Energi Exploration, Inc. [Lithium Energi Exploration Inc.](#) is an exploration company focused on acquisition, exploration, and development of lithium brine assets in Argentina. Headquartered in Toronto, Ontario with offices in Dallas, Texas and Catamarca, Argentina, the Company's shares are listed on the TSX Venture Exchange (TSXV: LEXI) and the Frankfurt Exchange (FSE: L09). LEXI's portfolio of prospective lithium brine concessions in the Argentina Province of Catamarca (heart of the lithium triangle) includes approximately 57,000 hectares and a 20% interest in Triangle Lithium Argentina, S.A., which owns an additional 15,000 hectares - all located in and around the Antofalla Salar, one of the largest basins in the region, which is over 130 km long and up to 20 km across. Albemarle Corporation, the world's largest lithium producer, owns exclusive exploration and acquisition rights to large claim blocks located throughout the Antofalla Salar. With prospective lithium properties located just west of Livent's producing properties and offset to the north and south of Albemarle's concessions, LEXI believes that its claim package holds the potential to deliver impressive values to its shareholders, if the economic viability and technical feasibility of the properties are established and developed.

For more information about Lithium Energi Exploration, Inc., please view the Company's filings at www.SEDAR.com.

ON BEHALF OF THE BOARD OF DIRECTORS

"Chris Hobbs"

Chris Hobbs,
Chief Financial Officer and Director

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These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: the results of preliminary testing proving accurate and repeatable over time and at commercial scale; the absence of material changes with respect to the Company and its businesses; possible variations in mineralization, grade or recovery rates; actual results of exploration activities; conclusions of future economic evaluations; fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in spot and forward prices of commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations pressures, cave-ins and flooding); the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); and title to properties; failure to enter into definitive documentation with Arena or Triangle, or the other applicable parties, on the terms disclosed herein or at all; failure to close the Transactions on the terms set out herein or at all; the use of proceeds; and receipt of all requisite approvals to the Transactions. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at

the time, to be reasonable assumptions, the Company cannot assure its shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended.

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