

# Giyani secures US\$16 million of development financing from the IDC

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TORONTO, Nov. 30, 2023 - [Giyani Metals Corp.](#) (TSXV:EMM, GR:A2DUU8) ("Giyani" or the "Company"), developer of the K.Hill battery-grade manganese project in Botswana ("K.Hill" or the "Project"), is pleased to announce that it has signed definitive agreements for US\$16 million of financing with the Industrial Development Corporation of South Africa Limited ("IDC") in the form of convertible loan facilities.

## Highlights:

- The IDC financing is the cornerstone of a US\$26 million funding package that will over the next 15 months progress K.Hill to a Final Investment Decision ("FID"), including an Optimized Feasibility Study for the Project ("Optimized FS") and operating the Company's demonstration plant ("Demonstration Plant") which will produce battery-grade manganese ("HPMSM") for qualification testing by potential customers.
- Giyani and its wholly owned subsidiaries have secured US\$16 million via long-term convertible loan facilities with the IDC, which will enable Giyani to progress to FID, while minimising shareholder dilution at this time.
- The IDC<sup>1</sup> is a major South African development financing institution with over 80 years of experience investing in industrial companies and the mining sector, with US\$8.5 billion of assets and who typically invests over US\$1.0 billion each year in mining and infrastructure related projects.
- The remaining US\$10 million of funding is in the process of being secured from a strategic investor who has signed a non-binding term sheet, completed its due diligence and is currently in the final documentation stage.

Danny Keating, President and CEO of the Company, commented:

*"We are delighted to announce the IDC funding as a resounding vote of confidence in K.Hill. This brings on board a strategic partner with significant mining and industrial development experience. The investment provides the majority of the financing that Giyani requires to de-risk the Project through to FID and introduces a partner with a vision and ambition to be involved in the development and capital funding of the Project."*

*"The demand for HPMSM projects with robust economics has never been stronger as financial institutions begin to understand the enormous demand for this critical mineral as the world moves definitively towards electric vehicles. We look forward to commencing operations at the Demonstration Plant to enable the distribution of samples to potential customers as we finalize our sales and off-taker strategy for the commercial scale plant to be built in Botswana."*

Joanne Bate, Chief Operations Officer of IDC, commented:

*"The IDC has developed a value chain strategy which focuses not only on the new minerals critical for net zero, but also on their processing towards precursor materials, through conversion into cell manufacturing, battery development, assembly and recycling."*

*"We are excited by the potential of Giyani and see K.Hill as an important step in IDC's strategy to help initiate the development of a battery minerals industry in Southern Africa."*

Figure 1: Simplified Giyani Metals Corporate Structure

## Summary of Key Terms of IDC Facility

- The US\$16 million IDC Facility (the "IDC Facility") will be split into two separate facilities with similar terms attached. A US\$12.5 million convertible loan facility for use by Giyani Metals South Africa Proprietary Limited ("GMSA") and a US\$3.5 million convertible loan facility for use by Menzi Battery Metals (Proprietary) Limited ("Menzi"), both wholly owned subsidiaries of the Company, (together, the "IDC Facility"). Both will be provided in South African Rand ("ZAR") equivalent up to a maximum of ZAR 300,000,000.
- The IDC Facility may be drawn down in tranches by Giyani's local subsidiaries in South Africa (GMSA) and Botswana (Menzi) to complete the final stages of construction and commissioning of the Demonstration Plant, and importantly, fund the operational phase to produce final product for off-taker testing and potential customers. Alongside this, the Optimized FS will be prepared, building on both the Feasibility Study completed in 2022 and the recently released 2023 Preliminary Economic Assessment ("PEA") (see Giyani news release dated July 31, 2023) to define the final construction economics and enable FID.
- Interest will accrue in ZAR on drawn amounts on a daily basis from the relevant drawdown date, compounded monthly in arrears at the South African Prime Rate (currently 11.75%) plus 3%. The equivalent rate in US Dollar terms can be calculated using the USD/ZAR exchange rate.
- The Company will be able to draw down the funds until March 31, 2025, with any portions of the IDC Facility that have not been drawn down at that time being cancelled without penalty.
- The final repayment date of the IDC Facility, if not converted, will be 48 months from the first draw down date.
- Certain criteria are attached to the IDC Facility including (i) completion of the construction and commissioning of the Demonstration Plant by the first anniversary of the first drawdown date, provided that this date may be extended to no later than June 30, 2025, subject to Giyani demonstrating that it has secured sufficient Project development funding to achieve FID; and (ii) completion of the Optimized FS within 90 days after construction and commissioning of the Demonstration Plant has been completed and is producing HPMSM within defined specifications.
- The IDC has the option to convert the outstanding amount of the IDC Facility into shares (and shareholder loans) in Thabatala Holding (Proprietary) Ltd ("Project HoldCo") or shares in Giyani (the "Giyani Shares"). The option is exercisable by the IDC on two occasions, the first being after completion of the Optimized FS and successful operation of the Demonstration Plant, and the second being after Giyani has achieved FID. The conversion will occur at a 20% discount to the then prevailing 30-day volume weighted average price of the Giyani Shares, subject to a minimum share price equal to the closing price of the Giyani Shares on the trading day immediately prior to this announcement (the "Minimum Share Price"). The percentage shareholding acquired by the IDC following conversion will be limited to a maximum shareholding of 19.9%, or such higher percentage as may be approved by the TSX Venture Exchange (the "TSXV"), Giyani and its shareholders (the "Maximum Shareholding Percentage").
- If the IDC elects to convert the outstanding amount of the IDC Facility into shares (and shareholder loans) in Project HoldCo, then the IDC will have a further option, exercisable upon the Project achieving sustained commercial production, to exchange its shares and shareholder loans in Project HoldCo for Giyani Shares. The conversion will occur at the then prevailing 30-day volume weighted average price of Giyani Shares, subject to the Minimum Share Price and the Maximum Shareholding Percentage.
- The IDC Facility will be comprehensively secured in favour of the IDC through a guarantee given by Giyani and each of the subsidiaries associated with the Project in favour of the IDC, along with pledges of their respective shares and loan accounts, and security granted by Menzi, GMSA and Thabatala Technology Company (Proprietary) Ltd over the K.Hill assets.
- If the IDC elects to exercise its option(s) and acquire shares in either Giyani or Project HoldCo then: (i) for so long as the IDC holds at least 10% of the outstanding Giyani Shares or the Project HoldCo shares, the IDC will be entitled to nominate one person for appointment to the board of Giyani or Project HoldCo, as the case may be, and shall be entitled to nominate one additional person to the relevant board for so long as it holds an additional 15% of the outstanding Giyani Shares or the Project HoldCo shares; (ii) for so long as the IDC holds at least 10% of the outstanding Giyani Shares, the IDC will be entitled to direct the sale of up to 10% of HPMSM production from the Project to a nominated off-taker in the Southern African Development Community, on terms no less favourable than any other off-take agreement negotiated by Giyani; and (iii) for so long as the IDC holds at least 10% of the outstanding Giyani Shares, the IDC will have a right of first refusal to provide and act as co-lead arranger for the project finance facilities sought by Giyani for the development of the Project, provided that the terms of such facility(s) and arrangements shall not be less favourable than those available to Giyani on the open market.
- The IDC Facility is subject to various drawdown conditions, including Giyani securing the remaining US\$10 million of financing to be fully funded to FID, as well as other conditions customary for facilities of this nature.

- The IDC Facility otherwise contains such undertakings, warranties and terms and conditions as would be standard and customary in funding arrangements of this nature.

The IDC Facility and the Giyani Shares issuable on conversion remain subject to receipt of the requisite TSXV approval(s).

This foregoing summary of key terms of the IDC Facility as signed on November 29, 2023 is qualified in its entirety by the full text of the IDC Facility, copies of which have been or will be filed under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Capitalized terms used but otherwise not defined in this foregoing summary shall have the meanings given to them in the IDC Facility.

#### Summary of US\$10 million Funding Terms

In parallel with finalizing and signing the IDC Facility, the Company has engaged with a strategic investor to secure the remaining US\$10 million of financing, which process is now post due diligence and is in the final documentation stage, following signing of a non-binding term sheet on July 21, 2023. In terms of this financing arrangement, the Company will raise at least US\$10 million, which may be split between a royalty and an equity component, which will satisfy the relevant draw-down conditions to the IDC Facility. The equity component of such financing, which is subject to a maximum shareholding in Giyani of 19.9%, is expected to be completed through the issuance of units at a price of C\$0.15 per unit, with each unit consisting of one Giyani Share and one common share purchase warrant (each, a "Warrant"), where each Warrant entitles the holder thereof to acquire one additional Giyani Share at a price of C\$0.226 per Giyani Share exercisable for a period of five years from its date of issue. Complete details of this additional financing will be included in a further news release once the definitive documentation has been finalized and signed. This financing arrangement remains subject to receipt of the requisite TSXV approval(s).

#### Project Execution and Optimized Feasibility Study

The Company is now progressing critical workstreams to move K.Hill to FID. These major workstreams include, but are not limited to the following:

- Advancing discussions with the multiple Tier-1 off-takers who have expressed interest in bringing K.Hill into their battery raw material supply chains, a number of whom have already visited Giyani's facilities.
- Completing construction, commissioning and entering the operational phase of the Demonstration Plant in Johannesburg. The IDC Facility has been secured in ZAR which is aligned with the Company's foreign exchange exposure as the Demonstration Plant will be constructed and operated using South African contractors. The Demonstration Plant will be used for a number of different purposes, all of which will be critical in preparing the Company for the commercial project construction stage:
  - The plant will be capable of producing up to 600 kg per day of dry HPMSM crystals for shipment to off-takers for product qualification and negotiation of sales contracts, starting mid-2024;
  - Provide to financial institutions and off-take partners that the product can be produced using the Giyani flowsheet on a consistent basis;
  - Give greater understanding of the operating costs, especially reagent consumption, at a significant scale;
  - Training of staff including personnel recruited from Botswana who can gain technical and operational skills prior to the construction and operation of the commercial plant which will help to minimise the ramp-up period.
- Completion of an Optimized FS based on the updated Mineral Resource Estimate ("MRE") and PEA from July 2023 for K.Hill, and utilising data and learnings from the operation of the Demonstration Plant, that will meet the requirements of project finance banks and lenders. It is also anticipated that the contract for the Optimized FS will be ZAR denominated to align with the IDC Facility.

#### About Giyani

Giyani's mission is to become a sustainable, low-carbon producer of battery materials for the electric vehicle ("EV") industry. The Company has developed a hydrometallurgical process to produce high-purity manganese sulphate monohydrate, a lithium-ion battery cathode precursor material critical for EVs, directly from ore from its manganese oxide deposits in Botswana, wholly owned by its Botswana subsidiary Menzi. The Company's assets include K.Hill and the Otse and Lobatse manganese prospects, each of which has

seen historical mining activities.

Additional information and corporate documents may be found on [www.sedarplus.com](http://www.sedarplus.com) and on [Giyani Metals Corp.](https://giyanimetals.com/) website at <https://giyanimetals.com/>.

#### Qualified Persons / NI 43-101 Disclosures

An NI 43-101 technical report including results of the PEA and the MRE can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and made available on the Company's website at [www.giyanimetals.com](http://www.giyanimetals.com).

Mr. Jacques du Toit CEng. PrEng. MscEng. PMP is a qualified person, as defined by National Instrument ("NI") 43-101. Mr. du Toit is the VP, Technical Services and has reviewed and approved the scientific and technical content contained in this news release but is not independent for the purposes of NI 43-101.

Mr. Luhann Theron, MSc., Pr.Sci.Nat. 400184/15, of Lambda Tau is registered with the SACNASP and last visited the K.Hill Project site in August 2023 and is a QP, as defined by NI 43-101. Mr. Theron is the Chief Geologist for the Company and has reviewed and approved the scientific and technical content contained in this news release but is not independent for the purposes of NI 43-101.

On behalf of the Board of Directors of [Giyani Metals Corp.](https://giyanimetals.com/)

Danny Keating, President and CEO

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#### Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements in this news release, other than statements of historical fact, that address events or developments that Giyani expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur.

Such statements include without limitation: the IDC Facility, drawdown of funds under the IDC Facility and the Company meeting the conditions precedent related thereto, the development of K.Hill to FID or generally, the timing of the construction and commissioning of the Demonstration Plant, completion of the OFS, various factors related to the operation of the Demonstration Plant, the timing and terms of conversion of the IDC Facility into Giyani Shares or Project HoldCo shares and shareholders loans, the securitization of the IDC Facility, the appointments to the board of directors of Giyani or Project HoldCo, receipt of TSXV approval for the transactions contemplated in this news release, the terms and conditions of the additional US\$10m financing, completion of such US\$10m financing on the terms described herein or otherwise, and discussions with Tier-1 off-takers.

All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to certain assumptions, important risk factors and uncertainties, many of which are beyond Giyani's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. In the case of Giyani, these facts include their anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: inherent exploration hazards and risks; risks related to exploration and development of natural resource properties; uncertainty in Giyani's ability to obtain funding; commodity price fluctuations; recent market events and conditions; risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimation; risks related to governmental regulations; risks related to obtaining necessary licenses and permits; risks related to their business being subject to environmental laws and regulations; risks related to their mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to competition from larger companies with greater financial and technical resources; risks relating to the inability to meet financial obligations under agreements to which they are a party; ability to recruit and retain qualified personnel; and risks related to their directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests. This list is not exhaustive of the factors that may affect Giyani's forward-looking information. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information or statements.

Giyani's forward-looking information is based on the reasonable beliefs, expectations and opinions of their respective management on the date the statements are made, and Giyani does not assume any obligation to update forward looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information. For a complete discussion with respect to Giyani and risks associated with forward-looking information and forward-looking statements, please refer to Giyani's Annual Information Form, all of which are filed on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

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<sup>1</sup> <https://www.idc.co.za/>

A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/da5bfcca-af7b-4787-b18d-6eae21686c8a>

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