

# Nemaska Lithium Provides an Update on its Whabouchi Project and Negotiations with Pallinghurst Group

07.10.2019 | [GlobeNewswire](#)

- Nemaska Lithium and Pallinghurst making progress furthering the proposed financing and extend the exclusivity negotiation period until December 31, 2019,
- Pallinghurst expressed its continued commitment to work cooperatively with the Corporation and its principal shareholders to consider optimized capital structure
- Project Investment Totals CAD 361M as at June 30, 2019, and CAD 377M as at August 31, 2019
- Whabouchi engineering and construction have progressed well and engineering at Shawinigan has also advanced positively
- P1P continues to deliver high-quality product

QUEBEC CITY, Oct. 07, 2019 -- [Nemaska Lithium Inc.](#) ("Nemaska Lithium" or the "Corporation") (TSX: NMX) (OTCQX: NMKEF) (Frankfurt: N0T) today provides an update on the progress of its Whabouchi Project as well as the constructive continuation of the financing discussions with The Pallinghurst Group ("Pallinghurst"). This update is carried out following the filing, on September 30<sup>th</sup>, of its Annual Financial Statements, Annual Information Form and Management Discussion and Analysis (MD&A) for the year ended June 30, 2019, and the signing of an agreement with Pallinghurst which extends until December 31, 2019, the exclusivity of the period to complete the financing from Pallinghurst. The Corporation's President and CEO, Mr. Guy Bourassa, its Chief Financial Officer, Mr. Steve Nadeau, as well as Pallinghurst Co-Founder and Managing Partner, Mr. Arne H. Frandsen, will be hosting an online conference call today, October 8, 2019, at 11:00 AM EDT. The instructions to access the call are indicated below.

"Our focus for the past weeks has been to work assiduously with Pallinghurst on its investment proposal. Discussions are progressing well, and we have every reason to believe that we have met all their requirements from a technical due diligence standpoint. We are working closely with our advisors to help Pallinghurst complete its entire review in a timely manner to reach an agreement that will satisfy all parties, including our shareholders. This is why we have accepted to extend to December 31, 2019, the exclusivity period for negotiation and closing of their investment," said Guy Bourassa, President and CEO of Nemaska Lithium. "In the meantime, I am very proud of the work done by our teams in the field. Even at a reduced pace of work, progress at the Whabouchi mine has been significant and demonstrates the quality and effectiveness of our Construction and Operations teams. In Shawinigan, detailed engineering is on schedule, and the Phase 1 plant steadily delivers to potential clients as our team continues to improve our processes in preparation for the commercial phase. The dedication of our team to make a great success out of this project remains unwavering."

## Nemaska Lithium and Pallinghurst Making Progress Towards Reaching an Agreement

Since the acceptance by Nemaska Lithium of an investment proposal of up to CAD 600 M by Pallinghurst on July 19, 2019, productive discussions have taken place between both groups' specialists in order to complete the due diligence and to advance the negotiations with the aim of reaching an agreement that will satisfy both parties, in a timely manner, in respect of a transaction to be implemented under a court approved plan of arrangement under the *Canada Business Corporations Act* subject to shareholder approval. Exclusive negotiations will continue with a view of closing the investment before December 31, 2019, in order to give all parties, the time and flexibility to conscientiously complete this exercise and provide additional details to shareholders as soon as available.

"We are pleased and impressed by our review of Nemaska Lithium thus far and satisfied with the progress of discussions between our teams. We remain fully committed to continue working cooperatively with Nemaska Lithium in pursuing our proposed investment and, furthermore, are open to explore with the Corporation's largest shareholders an additional capital injection to potentially substitute certain

elements of the current financing structure," declared Arne H. Frandsen, Co-Founder and Managing Partner of Pallinghurst.

Mr. Frandsen continued, "We appreciate the constructive and open dialogue we have had with Mr. Bourassa and his team. Based on our due diligence review thus far, we continue to believe that Nemaska Lithium has a world-class spodumene deposit, a proven lithium salts patented process, as well as a highly qualified workforce. These assets positions Nemaska Lithium as a key player in the rapidly growing lithium-ion battery and energy storage industry. We continue to focus on developing key strategic partnerships across the different battery materials, and we believe that, for lithium, Nemaska Lithium is the right partner with whom this strategy should be pursued."

Mr. Bourassa added, "We are working closely with our partners and advisors to examine the best options on the table to ensure the Corporation's sustainability and maximize the use of cash on hand pending financing. We are confident that we have the right partners in place to complete a more favorable capital structure for the project that will allow us to bring it to commercial production in time to benefit from the market expansion anticipated in the years to come. As the development of a local lithium-ion battery industry is more than ever promoted by governmental authorities around the world, we are convinced that Nemaska Lithium's promising project is still in the best position to catalyze a value chain for this industry in Québec and Canada."

### Financials Highlights

On September 30, 2019, Nemaska Lithium filed its annual financial statements, Annual Information Form and Management discussion and analysis (MD&A) on SEDAR. As at June 30, 2019, the Corporation had on hand CAD 128M in unrestricted cash and cash equivalents to finance its current activities, plus restricted cash and cash equivalents of CAD 40M placed in a cost overrun account.

As at June 30, 2019, cumulative incurred capital investment totalled CAD 361M on a total Whabouchi Project budget of CAD 1.269B, including contingency. Although advancing the Whabouchi Project at an adjusted pace since February 2019, the Corporation has incurred approximately 53% of the expenditures at the Whabouchi site, and approximately 15% of the expenditures at the Shawinigan site.

As at August 31, 2019, cumulative incurred capital investment totalled CAD 377M on a total Whabouchi Project budget of CAD 1.269B, including contingency. Although advancing the Whabouchi Project at an adjusted pace since February 2019, the Corporation has incurred approximately 55% of the expenditures at the Whabouchi site, and approximately 16% of the expenditures at the Shawinigan site.

The Corporation has fully paid the cumulative required CAD 9.2M deposit in respect of its obligation related to the estimated Whabouchi site restoration costs under the Mining Act.

### Construction Report Selected Information on Expenditures

All amounts are in Canadian dollars

(CAD in millions, including contingency)

	Total	Incurred as at June 30, 2019	Remainder
Incurred and Remaining CAPEX as at June 30, 2019, per NI 43-101 Technical Report estimate, July 2019	Whabouchi: 448	238	210
	Plant: 821	123	698
	Total: 1,269 <sup>1</sup>	361	908
	Total	Incurred as at August 31, 2019	Remainder
Incurred and Remaining CAPEX as at August 31, 2019, per NI 43-101 Technical Report estimate, July 2019	Whabouchi: 448	247	201
	Plant: 821	130	691
	Total: 1,269 <sup>1</sup>	377	892

<sup>1</sup>The Total CAPEX includes amounts for corporate owners' costs, which are >CAD 42 M for Whabouchi and >CAD 29 M for the Plant.

## Project Update

Construction at the Whabouchi mine continued per the adapted pace of the recent months. Critical earthworks and concrete foundations are substantially completed. Crushing area structural steel installation is also substantially completed, and conveyor installation has begun. Most of the process equipment has been received, and whenever possible it has been installed or appropriately stored.

Mine employees have been actively working since May on pre-production activities such as overburden removal, drilling and blasting to generate the aggregate material required for roads, storage areas and other works necessary for the development of the mine infrastructures. The Corporation is pleased to report that, as of October 7, 2019, there has been no recordable incident for the first 161 days worked at the Whabouchi mine. Readers are invited to click [here](#) to view our Mine Construction photo gallery.

In Shawinigan, now that the updated NI 43&ndash;101 Technical Report has been filed, detailed engineering for the commercial electrochemical plant is on schedule and our team continues working with the independent engineering firms involved. Meanwhile, the Phase 1 plant continues to produce high-quality lithium hydroxide at a sustained pace, and the product continues to be of great interest to potential customers across the world. The extension of the demonstration plant's activities, until December 2019, will allow for continued improvement to Nemaska Lithium's patented and proven process, providing opportunities to de-risk operations processes in anticipation of the commercial plant start-up.

## Conference Call

Nemaska Lithium will host a conference call on October 8, 2019, at 11:00 AM EDT. The Corporation's President and CEO, Mr. Guy Bourassa, and Chief Financial Officer, Steve Nadeau, and Co-founder and Managing Partner of Pallinghurst, Mr. Arne H. Frandsen, will discuss the announcement. The call can be accessed at the following:

### Online

<https://edge.media-server.com/mmc/p/i7vkjwzz>

### Dial information

US/CANADA Participant Toll-Free Dial-In Number: (866) 353-6129  
US/CANADA Participant International Dial-In Number: +1 (409) 217-8084  
Conference ID: 6139128

## About Nemaska Lithium

[Nemaska Lithium Inc.](#) is a developing chemical company whose activities will be vertically integrated, from spodumene mining to the commercialization of high-purity lithium hydroxide. This lithium salt is mainly destined for the fast-growing lithium-ion battery market, which is driven by the increasing demand for electric vehicles and energy storage worldwide. With its products and processes, the Corporation intends to facilitate access to green energy, for the benefit of humanity.

The Corporation will be operating the Whabouchi mine in Québec, Canada, one of the richest lithium spodumene deposits in the world, both in volume and grade. The spodumene concentrate produced at the Whabouchi mine will be processed at the Shawinigan plant using a unique membrane electrolysis process for which the Corporation holds several patents.

The Corporation is a member of the S&P/TSX SmallCap Index, S&P/TSX Global Mining Index, S&P/TSX Global Base Metals Index, S&P/TSX Equal Weight Global Base Metals Index, and the MSCI Canada SmallCap Index. For more information, visit [www.nemaskalithium.com](http://www.nemaskalithium.com).

## About The Pallinghurst Group

The Pallinghurst Group is a London-based leading strategic investor in the global metals and mining sector with significant development, operational and financial expertise in mining. For the past 12 years, Pallinghurst has put USD 2B of equity capital to work in a number of mining projects. As a hands-on investor, Pallinghurst seeks to act as a catalyst for developing and unlocking value for the benefit of all stakeholders. Pallinghurst's investors consist of blue-chip family offices, sovereign wealth funds as well as specialized mining investors.

To learn more about Pallinghurst : [www.pallinghurst.com](http://www.pallinghurst.com)

## Cautionary Statement on Forward-Looking Information

*All statements, other than statements of historical fact, contained in this press release including, but not limited to, those relating to (A) the additional capital required to enable the Corporation to complete the Project's construction, (B) the eventual conclusion of a definitive agreement with Pallinghurst and closing of the investment, (C) the estimated CAPEX for completing the construction of the Whabouchi mine and the Shawinigan plant, (D) the expected resumption of construction and commissioning, and (E) the possibility of an additional capital injection to substitute certain elements of the current financing structure to be effected by Pallinghurst cooperatively with the Corporation's largest shareholders, constitute "forward-looking information" and "forward-looking statements" within the meaning of certain securities laws and are based on expectations and projections as of the date of this press release. Certain important assumptions by the Corporation in making forward-looking statements include, but are not limited to, reaching a definitive agreement with Pallinghurst in a timely manner and satisfying all closing conditions before December 31, 2019, and the obtaining of the additional capital required to fulfill the conditions precedent to receive the remaining proceeds from the Project financing being the second tranche payment under the Orion Streaming facility.*

*Forward-looking statements contained in this press release include, without limitation, those related to (i) the Corporation having met Pallinghurst's requirement from a technical due diligence standpoint, (ii) the eventual definitive agreements to implement Pallinghurst's investment proposal and closing of the investment under a court approved plan of arrangement, (iii) the Corporation having a solid plan for the future and a strong team to resume construction once financing is in place, (iv) the expected increased level of operational efficiency and de-risking of the Project, (v) the CAPEX estimates, (vi) the Corporation reaching an agreement with Pallinghurst that will satisfy all parties, including its own shareholders, (vii) the continuing improvement of the Corporation's processes towards the commercial phase, (viii) the closing of the Pallinghurst's investment before December 31, 2019, (ix) the Corporation to be positioned as a key player in the rapidly growing lithium-ion battery and energy storage industry, (x) the Corporation being the right partner with whom Pallinghurst should pursue its strategy, (xi) the Corporation to eventually be in position to restart construction work quickly when financing is completed, and (xii) generally, the above "About Nemaska Lithium" paragraph which essentially describes the Corporation's outlook. Forward-looking statements are based on expectations, estimates and projections as of the time of this press release. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation as of the time of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These estimates and assumptions may prove to be incorrect.*

*Many of these uncertainties and contingencies can directly or indirectly affect, and could cause, actual results to differ materially from those expressed or implied in any forward-looking statements. There can be no assurance that the Pallinghurst investment will close or that other funding / strategic alternatives can be available, that the Corporation will meet conditions under the Streaming Agreement and that the Whabouchi mine and/or the electrochemical plant in Shawinigan will be commissioned and will begin production, as future events could differ materially what is currently anticipated by the Corporation. In addition, there can be no assurances that the CAPEX estimates will prove accurate.*

*By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that estimates, forecasts, projections and other forward-looking statements will not be achieved or that assumptions do not reflect future experience. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. Readers are cautioned not to place undue reliance on these forward-looking statements as a number*

*of important risk factors and future events could cause the actual outcomes to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates, assumptions and intentions expressed in such forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of the Corporation's Annual Information Form dated September 30, 2019, and the "Risk Exposure and Management" section of the Corporation's most recent Management Discussion & Analysis. The Corporation cautions that the foregoing list of factors that may affect future results is not exhaustive, and new, unforeseeable risks may arise from time to time. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.*

*Further information regarding Nemaska Lithium is available in the SEDAR database ([www.sedar.com](http://www.sedar.com)) and on the Corporation's website at: [www.nemaskalithium.com](http://www.nemaskalithium.com).*

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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Die URL für diesen Artikel lautet:

<https://www.goldseiten.de/artikel/428017--Nemaska-Lithium-Provides-an-Update-on-its-Whabouchi-Project-and-Negotiations-with-Pallinghurst-Group.html>

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