

# Nemaska Lithium Accepts a Sale Proposal from Orion Mine Finance, Investissement Québec and The Pallinghurst Group

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MONTREAL, Aug. 24, 2020 - Nemaska Lithium Inc. ("Nemaska Lithium" or the "Corporation") announces today that it has accepted a sale proposal structured as a credit bid (the "Bid") from a group (the "Buyers' Group") made up of the Corporation's largest secured creditor, Orion Mine Finance ("Orion"), *Investissement Qu?bec* and The Pallinghurst Group, acting through a new entity named Quebec Lithium Partners (The Pallinghurst Group collectively with *Investissement Qu?bec* being hereinafter, the "Sponsors"), at the conclusion of its previously announced Sale or Investor Solicitation Process (the "SISP") under the *Companies' Creditors Arrangement Act* (the "CCAA").

After a thorough review, with its financial and legal advisors, of available qualified bids received as part of the SISP and after the withdrawal of other indications of interest as well as a careful consideration of the interest of all of its stakeholders, the Corporation's Board of Directors, following a unanimous recommendation of its special committee, the recommendation of the Corporation's advisors and the support of the CCAA Monitor, determined that accepting the Bid was the best alternative for the Corporation.

## Terms of the Bid

The transactions contemplated by the Bid (collectively, the "Transaction") are achieved through a reverse vesting order and provide for a reorganization of Nemaska Lithium and its subsidiaries (the "Nemaska Entities") that involves: (a) the incorporation of a new entity ("Residual Nemaska Lithium") to ultimately hold certain excluded assets and liabilities of the Nemaska Entities, and (b) the exchange of the common shares of the Corporation for common shares of Residual Nemaska Lithium, resulting in Residual Nemaska Lithium becoming a successor reporting issuer.

The Transaction provides for the acquisition by the Buyers' Group of the Nemaska Entities' business and assets (other than certain excluded assets and liabilities to be transferred directly or indirectly to Residual Nemaska Lithium), by way of a reverse vesting order to be sought from the Superior Court of Qu?bec (the "Court"), the culmination of which will result in the Sponsors acquiring, on a 50-50 basis, all of the issued and outstanding shares of an entity resulting from the amalgamation of the Nemaska Entities, which will itself emerge from the CCAA proceedings and subsequently be amalgamated with entities currently controlled by Orion to form the entity that will operate the business of the Corporation ("New Nemaska Lithium").

The consideration offered under the Bid is comprised of the assumption of liabilities by New Nemaska Lithium totalling at least \$146,500,000 (including the Orion and the Johnson Matthey Battery Materials Ltd. secured claims), and the transfer to Residual Nemaska Lithium of the Corporation's cash on hand on closing, subject to certain adjustments (the "Residual Cash").

Pursuant to the Bid, substantially all of the current employees of the Nemaska Entities will be retained by New Nemaska Lithium in their current roles and responsibilities in all material respects, and all obligations of the Nemaska Entities under the Chinuchi Agreement with the Cree Nation of Nemaska, the Grand Council of the Crees (Eeyou Istchee) and the Cree Nation Government will be assumed by New Nemaska Lithium. New Nemaska Lithium will not be a reporting issuer under applicable Canadian securities laws.

The Sponsors have indicated their intention to invest, from and after closing of the Transaction and subject to the fulfillment of certain conditions and receipt of appropriate approvals, up to \$600,000,000 in New Nemaska Lithium (inclusive of amounts paid to Orion in connection with the Transaction) for the financing of

the project, comprised of the mine and the electrochemical plant.

Next steps in the restructuring and effect of the sale proposal on the creditors and the shareholders

The Bid is conditional upon the satisfaction of customary closing conditions, including obtaining approval under the *Competition Act* (Canada) and Court approval. Nemaska Lithium will seek the approval of the Bid and the Transaction contemplated therein by the Court on or about September 14, 2020. If the approval of the Court is obtained, Nemaska Lithium and the Buyers' Group expect to close the Transaction at the latest on October 15, 2020.

Following closing of the Transaction, Nemaska Lithium expects Residual Nemaska Lithium to present a plan of compromise or arrangement to its creditors in respect of the Residual Cash and any of its residual assets to be received by Residual Nemaska Lithium. Unfortunately, based on the terms of the Bid and the consideration to be received by Residual Nemaska Lithium, holders of the Corporation's common shares will not receive any payments for, or distributions on, their common shares in connection with the CCAA proceedings, nor will they hold any interest in New Nemaska Lithium following the completion of the plan of compromise or arrangement.

More information regarding the Corporation's situation, decisions or actions will continue to be provided on an ongoing basis, as required by applicable law or as may be determined by the Corporation or the Court. For more information, visit [www.nemaskalithium.com](http://www.nemaskalithium.com). You can also refer to the Monitor's website for more information regarding the CCAA procedures at <https://www.pwc.com/ca/en/services/insolvency-assignments/nemaska-lithium-inc.html>.

#### Advisors

Nemaska Lithium is advised by McCarthy Tétrault LLP (legal counsel), National Bank Financial (financial advisor), Clarkson's Platon Securities AS (financial advisor), PricewaterhouseCoopers (monitor) and Stikeman Elliott LLP (legal counsel to the monitor).

#### 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 the CCAA proceedings, the Bid, the Transaction and the Corporation's activities and its ability to meet its obligations, 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, the approval of the Bid and the Transaction by the Court under the CCAA.*

*Forward-looking statements contained in this press release include, without limitation, those related to (i) the ability of the Corporation to close the Transaction, (ii) the ability of the Corporation to complete the mine construction and the Shawinigan facility, (iii) the emergence from the CCAA proceedings, (iv) the investment of up to \$600,000,000 by the Sponsors for the financing of the Whabouchi project from and after closing of the Transaction, (v) the retention of substantially all of the current employees, (vi) the approval of the Bid and of the Transaction by the Court, and (vii) the presentation of a plan of compromise or arrangement to Residual Nemaska Lithium's creditors. 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 Whabouchi mine and/or the electrochemical plant in Shawinigan will be commissioned and will begin production, as future events could differ materially from what is currently anticipated by the Corporation. In addition, there can be no assurance that the CCAA proceedings will result in the maximization of the return in respect of the Corporation's assets and those of its subsidiaries.*

*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 quarterly 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).*

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