

Sherritt Announces Transaction to Improve its Capital Structure

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[Sherritt International Corp.](#) (the "Sherritt" or the "Corporation") (TSX:S), a world leader in the mining and refining of nickel and cobalt from lateritic ores, announced today a proposed transaction (the "Transaction") designed to improve the Corporation's capital structure and strengthen its overall financial position.

The Transaction, described in further detail below, would reduce Sherritt's total outstanding principal debt obligations by approximately \$414 million and reduce annual cash interest payments by approximately \$19 million by, among other things:

1. exchanging Sherritt's existing note obligations in the aggregate principal amount of approximately \$588 million, together with all accrued and unpaid interest, for new 8.50% second lien notes due 2027 (the "New Second Lien Notes") in an aggregate principal amount of approximately \$319 million and certain early consent cash consideration, and
2. exchanging Sherritt's obligations in respect of the partner loans relating to the Ambatovy Joint Venture (as defined below) in the aggregate principal amount of approximately \$145 million, plus all accrued and unpaid interest, for, at the election of each lender, either its pro rata share of Sherritt's interests in the Ambatovy Joint Venture or amended loans with no further recourse as against Sherritt, all as further described below.

The Transaction would also result in an extension of the maturity of the Corporation's note obligations from 2021, 2023 and 2025 under its existing notes to 2027 under the New Second Lien Notes.

The Transaction does not affect any other obligations of the Corporation, and Sherritt will continue to satisfy its obligations to employees, suppliers, customers and governmental authorities in the ordinary course of business.

"Our proposed Transaction builds on our efforts over the past several years to strengthen our balance sheet, and represents our best alternative to address our pending debt maturities and liquidity constraints," said David Pathe, President and CEO. "Subject to the applicable approvals, the proposed Transaction will improve Sherritt's capital structure and liquidity and deliver a number of benefits to stakeholders. Among other things, the Transaction treats all three series of Sherritt's existing notes equally, provides noteholders with security over Sherritt's material assets, and will put Sherritt in a better position to increase the overall value of its business to be in a position to repay in full the new second lien notes."

"Sherritt has carefully considered various potential alternatives to address its significant historical debt level and liquidity challenges, attributable to various industry and geopolitical factors and our legacy Ambatovy debt. The proposed Transaction will strengthen our capital structure and is the best available alternative for, and in the best interests of, the Corporation and its stakeholders in the circumstances," said Sir Richard Laphorne, Chair of the Sherritt board of directors. "On behalf of the Board, I recommend that all affected debtholders vote in favour of the Transaction."

Deleveraging the Corporation at this time and improving its overall capital structure and liquidity are critical to put Sherritt in a better position to withstand challenges relating to, among other things, exposure to volatile commodity prices and overall challenging geopolitical and market conditions, and to strengthen the Corporation's financial condition.

The Transaction will be implemented through a corporate plan of arrangement (the "Plan of Arrangement") in the proceedings (the "CBCA Proceedings") commenced today by Sherritt and its subsidiary, 11722573 Canada Ltd. (collectively the "Applicants") under the Canada Business Corporations Act (the "CBCA"), as discussed further below.

Background to the Transaction

As has been previously communicated by the Corporation, Sherritt has been challenged by unfavourable geopolitical conditions and depressed nickel prices for an extended period of time, as well as significant difficulties in collecting its overdue Cuban receivables in light of increased U.S. sanctions against Cuba, all of which have had a material negative impact on Sherritt's overall liquidity.

Sherritt has also been challenged by its significant historical debt levels, which resulted principally from a decision in 2007 to invest as a partner in building out one of the world's largest lateritic nickel mining, processing and refining operations in Madagascar (the "Ambatovy Joint Venture"). In connection with the Ambatovy Joint Venture, Sherritt had significant funding requirements, which were exacerbated by cost overruns and unfavorable market conditions, that contributed to Sherritt's significant debt levels. Since Sherritt was released from its US\$840 million guarantee in respect of the Ambatovy Joint Venture senior project financing in 2015, Sherritt has taken steps to reduce and address certain funding requirements and debt obligations relating to the Ambatovy Joint Venture, including the elimination of \$1.4 billion of debt in exchange for a reduction of Sherritt's ownership interest in the Ambatovy Joint Venture from 40% to 12%.

The Corporation does not have any near term maturity in respect of any of its non-revolving debt obligations, and has cash resources and availability under its revolving credit facility. However, its high level of debt with fixed cash interest payments has been a significant concern for Sherritt for an extended period of time, during which Sherritt has continued to pursue its strategic priorities of reducing debt, maintaining financial strength and preserving liquidity.

Sherritt, with the assistance of legal and financial advisors, has undertaken a detailed review of alternatives including, among other things, raising additional secured debt in priority to its existing unsecured debt obligations, extending the maturities of its existing unsecured debt obligations, exchanging certain or all of its unsecured notes for new secured debt, exchanging debt for equity, purchasing notes for cancellation in the open market or pursuant to an auction, maintaining the status quo and other potential strategic alternatives. Pursuant to the terms of Sherritt's existing notes indenture, Sherritt has the ability to raise secured second lien debt in the amount of approximately \$230 million, and to complete an exchange transaction using such secured debt basket outside of a CBCA transaction.

Sherritt has also engaged in extensive efforts with its Cuban partners over an extended period of time to reduce its outstanding Cuban receivables. Such efforts have culminated in a new agreement pursuant to which Sherritt's Cuban partners have committed to increase the US\$2.5 million monthly payments to Sherritt pursuant to the overdue receivables agreement ratified in June 2019, with incremental US\$5 million monthly payments to fund Energas operations, and reduce overdue receivables owing to Sherritt. While this new payment commitment from Sherritt's Cuban partners is a positive step towards assisting Sherritt with its liquidity challenges, there remains potential uncertainty with regard to the Corporation's Cuban operations and future collections in light of increased U.S. sanctions and other factors continuing to affect Cuba, and there remain other market and commodity price challenges that continue to impact Sherritt's overall liquidity.

Sherritt believes that reducing its outstanding debt obligations and associated cash interest expense is required at this time in order to provide a comprehensive solution to its liquidity challenges and to put the Corporation in a better financial position to create financial and operational stability and to maintain and maximize stakeholder value.

The Corporation believes that based on its available options and alternatives, the Transaction is the best available alternative to address Sherritt's debt and liquidity challenges, is fair and reasonable to all stakeholders, and treats affected parties, regardless of maturity or interest rate, in a fair and balanced way considering all of the current circumstances.

Key Transaction Terms

The key terms of the Transaction include:

- All of the Corporation's outstanding (i) 8.00% senior unsecured debentures due 2021, (ii) 7.50% senior unsecured debentures due 2023, and (iii) 7.875% senior unsecured notes due 2025 (collectively, the "Existing Notes"), in the aggregate principal amount of approximately \$588 million, plus all accrued and unpaid interest, will be exchanged on the implementation date of the Plan of Arrangement (the "Effective Date") as follows:
 - each holder of Existing Notes (a "Noteholder") that votes in favour of the Plan of Arrangement by 5:00 p.m. (Toronto time) on the early consent date of March 27, 2020 (the "Early Consent Deadline"), as such deadline may be extended by Sherritt (each, an "Early Consenting Noteholder") will receive as consideration in exchange for its Existing Notes:
 - New Second Lien Notes in an aggregate principal amount equal to (i) 50% of the principal amount of Existing Notes held by such Early Consenting Noteholder on the Effective Date, plus (ii) the amount of accrued and unpaid interest owing to such Early Consenting Noteholder in respect of its Existing Notes up to but not including the Effective Date; and
 - cash in an amount equal to 3% of the principal amount of Existing Notes voted in favour of the Plan of Arrangement by the Early Consent Deadline and held by such Early Consenting Noteholder as at Effective Date (the "Noteholder Early Consent Cash Consideration");
 - each Noteholder that is not an Early Consenting Noteholder will receive as consideration in exchange for its Existing Notes:
 - New Second Lien Notes in an aggregate principal amount equal to (i) 50% of the principal amount of Existing Notes held by such Noteholder on the Effective Date, plus (ii) the amount of accrued and unpaid interest owing to such Noteholder in respect of its Existing Notes up to but not including the Effective Date.
- The final principal amount of New Second Lien Notes to be issued pursuant to the Transaction will depend on the aggregate amount of interest accrued in respect of the Existing Notes up to the Effective Date. The Corporation does not anticipate making further interest payments in respect of the Existing Notes, and all accrued and unpaid interest in respect of the Existing Notes will be exchanged as part of the Transaction. Based on an Effective Date of April 30, 2020, the aggregate principal amount of New Second Lien Notes to be issued would be approximately \$319 million.
- While the aggregate principal amount of New Second Lien Notes outstanding is \$150 million or more, the Corporation will be required to redeem New Second Lien Notes at par on a semi-annual basis on April 30 and October 30 of each year, from and after October 30, 2021, in a principal amount equal to 50% of the Corporation's excess cash flow, subject to a minimum liquidity threshold and the terms of the new notes indenture that will govern the New Second Lien Notes.
- Sherritt's obligations under its Ambatovy Joint Venture partner loans outstanding pursuant to subordinated carry finance agreements with its Ambatovy Joint Venture partners (the "CFA Loans") in the aggregate principal amount of approximately \$145 million, plus all accrued interest and any other related obligations, will be exchanged, at the election of each holder of the CFA Loans (the "CFA Lenders"), for either (i) such CFA Lender's pro rata share of Sherritt's interest in the Ambatovy Joint Venture (including its equity ownership in, and the subordinated loan obligations owed from, the Ambatovy Joint Venture) (collectively, the "Ambatovy Interests") or (ii) an amended CFA Loan (an "Amended CFA Loan").
- Any Amended CFA Loans issued pursuant to the Transaction will be on substantially similar terms as the existing CFA Loans, subject to the following: (i) Sherritt's subsidiary through which Sherritt holds its Ambatovy Interests, Madagascar Mineral Investments Ltd. ("MMI"), will be the sole borrower under the Amended CFA Loans; (ii) Sherritt will have no obligations in respect of the Amended CFA Loans and there will be no recourse whatsoever against Sherritt in respect of the Amended CFA Loans; and (iii) the CFA Lender will have the right under the Amended CFA Loan, for up to 12 months following implementation of the Transaction, to direct MMI to transfer such CFA Lender's pro rata share of the Ambatovy Interests as directed by such CFA Lender in consideration for the full and final settlement of the CFA Lender's Amended CFA Loan at such time.
- Subject to the satisfaction or waiver of the applicable conditions to the Transaction, it is expected that the Transaction will be completed by the end of April, 2020.

Certain key terms of the New Second Lien Notes are also set out in a Schedule to this news release.

Following the Corporation's detailed review process and careful consideration of various potential

strategic options and alternatives to address the Corporation's over-leveraged capital structure, upcoming debt maturities and liquidity challenges, and taking into account, among other things, the various industry and geopolitical challenges impacting the Corporation, the terms of the Transaction and the anticipated benefits of the Transaction for the Corporation and its stakeholders, the opinions of Paradigm Capital (discussed below), and legal and financial advice from the Corporation's professional advisors, the board of directors of Sherritt (the "Board of Directors") unanimously determined that the Transaction is the best available alternative for and in the best interests of the Corporation and its stakeholders at this time. The Board of Directors recommends that the Noteholders and CFA Lenders (collectively, the "Debtholders") vote in favour of the Transaction.

Paradigm Capital Inc. ("Paradigm Capital"), an independent financial advisor to the Board of Directors, has provided opinions to the Board of Directors that: (i) the Noteholders and the CFA Lenders, respectively, would be in a better position, from a financial point of view, under the Transaction than if the Corporation were liquidated; and (ii) the Transaction is fair, from a financial point of view, to the Corporation.

Lender Consent Agreement

In connection with the Transaction, the Corporation has also entered into a consent agreement with the senior lenders in respect of its senior revolving bank facility (the "Revolving Bank Facility"), pursuant to which the Corporation and such lenders have, among other things, agreed that the Corporation will commence the CBCA Proceedings and pursue the Transaction pursuant thereto, and that the Corporation and the senior lenders will work to complete an amendment of Revolving Bank Facility substantially concurrently with or prior to the implementation of the Transaction to permit the implementation of the Transaction, including, without limitation, the issuance of the New Second Lien Notes, subject to the terms of such consent agreement. The maturity of the Revolving Bank Facility is currently April 30, 2020.

Stated Capital Reduction

In connection with the Transaction, it is anticipated that the Corporation will reduce the stated capital of its common shares to \$575 million (the "Stated Capital Reduction") as a preliminary step to the implementation of the Transaction under the CBCA Proceedings. The Stated Capital Reduction will not impact the Corporation's current number of common shares issued and outstanding. The Board of Directors recommends that holders of the Corporation's common shares (the "Shareholders") vote in favour of the Stated Capital Reduction.

CBCA Proceedings

Pursuant to the CBCA Proceedings, Sherritt obtained today an interim order (the "Interim Order") issued by the Ontario Superior Court of Justice (Commercial List) (the "Court"), among other things, authorizing the holding of (i) a meeting of the Debtholders (the "Debtholders' Meeting") to consider and vote upon a resolution to approve the Plan of Arrangement to implement the Transaction, and (ii) a meeting of the Shareholders (the "Shareholders' Meeting"), and together with the Debtholders' Meeting, the "Meetings") to consider and vote upon a resolution to approve the Stated Capital Reduction (the "Stated Capital Reduction Resolution"). The Interim Order also granted other relief, including a stay of proceedings in favour of Sherritt and its subsidiaries in respect of any defaults under the Existing Notes or the CFA Loans or any defaults arising as a result of the CBCA Proceedings or steps relating to the Transaction.

The Meetings, Voting and Early Consent Matters

The Meetings are scheduled to be held at the offices of Goodmans LLP at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on April 9, 2020. Pursuant to the Interim Order, the Debtholders' Meeting is scheduled to begin at 10:00 a.m. (Toronto time) and the Shareholders' Meeting is scheduled to begin at 10:30 a.m. (Toronto time).

The record date (the "Record Date") for voting at the Meetings is expected to be 5:00 p.m. (Toronto time) on March 6, 2020.

Debtholders as at the Record Date will be entitled to vote on the Plan of Arrangement at the Debtholders' Meeting based on one vote per C\$1,000 of principal amount of Existing Notes and/or CFA Loans, as applicable, owing to such Debtholder. The Noteholders and CFA Lenders will vote together as a single class at the Debtholders' Meeting.

Shareholders as at the Record Date will be entitled to vote on the Stated Capital Reduction Resolution at the Shareholders' Meeting based on one vote per common share held as at the Record Date.

For Noteholders to be eligible to receive Noteholder Early Consent Cash Consideration, Noteholders must submit a vote in favour of the Plan of Arrangement by the Early Consent Deadline of 5:00 p.m. (Toronto time) on March 27, 2020, as such date may be extended by Sherritt.

The deadline for Debtholders and Shareholders to submit their proxies or voting instructions in order to vote on the items to be considered at the applicable Meeting is 5:00 p.m. (Toronto time) on April 7, 2020 (the "Voting Deadline").

Banks, brokers or other intermediaries (each an "Intermediary") that hold Existing Notes or common shares of Sherritt on a securityholder's behalf may have internal deadlines that require such securityholders to submit their votes by an earlier date in advance of the Early Consent Deadline and/or the Voting Deadline, as applicable, and may have internal requirements for the submission of voting instructions. Such securityholders are encouraged to contact their Intermediaries directly to confirm any such internal deadlines or voting instruction requirements.

To be approved at the Debtholders' Meeting, the Plan of Arrangement requires the affirmative vote of at least 66 2/3% of the votes cast at the Debtholders' Meeting, and to be approved at the Shareholders' Meeting, the Stated Capital Reduction Resolution requires the affirmative vote of at least 66 2/3% of the votes cast at the Shareholders' Meeting.

Court Approval and Implementation

If the Plan of Arrangement is approved by the requisite majority at the Debtholders' Meeting, the Applicants will attend a hearing before the Court scheduled for April 16, 2020, or such other date as may be set by the Court, to seek Court approval of the Plan of Arrangement.

Completion of the Transaction pursuant to the Plan of Arrangement will be subject to, among other things, approval of the Plan of Arrangement by the requisite majority of the Debtholders at the Debtholders' Meeting, approval of the Plan of Arrangement by the Court and the satisfaction or waiver of the other applicable conditions precedent to the Plan of Arrangement. If all requisite approvals are obtained and the other conditions to completion of the Transaction are satisfied or waived, it is expected that the Transaction will be completed at the end of April 2020. Upon implementation, the Plan of Arrangement would bind all Debtholders of the Corporation.

Pursuant to the Plan of Arrangement, Sherritt will have the right to implement the transactions relating to the CFA Loans described above (the "CFA Loan Transactions") on a contractual basis with the CFA Lenders outside of the Plan of Arrangement, or to implement such other transactions in respect of the CFA Loans that may be acceptable to Sherritt and the CFA Lenders and that are not materially inconsistent with the effect of the CFA Loan Transactions, pursuant to the Plan of Arrangement or on a contractual basis with the CFA Lenders outside of the Plan of Arrangement.

As part of the Court approval of the Plan of Arrangement, the Corporation expects to seek a permanent waiver of potential defaults resulting from the commencement of the CBCA Proceedings or the steps or transactions related to the CBCA Proceedings or Transaction, on the terms set forth in the Plan of Arrangement.

Additional Information and Materials

Sherritt will be making available on its website at www.sherritt.com a presentation setting out additional information and background with respect to the Transaction.

The Corporation's management information circular for the Meetings (the "Circular") will contain, among other things, information regarding procedures for voting on and making elections in respect of the Plan of Arrangement and eligibility for Noteholder Early Consent Cash Consideration pursuant to the terms of the Interim Order and the Plan of Arrangement, as well as other background and material information regarding the Transaction. Debtholders and Shareholders are encouraged to review the Circular in detail.

The Circular, forms of proxies and voting information and election forms will also be available as follows:

- on Sherritt's website at www.sherritt.com;
- under Sherritt's SEDAR profile at www.sedar.com; and/or
- through Kingsdale Advisors by calling toll free at 1-800-749-9197 or 416-867-2272 or by email at contactus@kingsdaleadvisors.com.

Any questions or requests for further information regarding voting at the Meetings or eligibility for Noteholder Early Consent Cash Consideration should be directed to Kingsdale Advisors at 1-800-749-9197 or 416-867-2272, or by email at contactus@kingsdaleadvisors.com.

The Corporation's legal advisor in connection with the Transaction is Goodmans LLP and its financial advisor is National Bank Financial Inc.

This news release is not an offer of securities for sale in the United States. The securities to be issued pursuant to the Transaction have not been and will not be registered under the U.S. Securities Act of 1933 (the "1933 Act"), or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the 1933 Act. The securities to be issued pursuant to the Transaction will be issued and distributed in reliance on the exemption from registration set forth in Section 3(a)(10) of the 1933 Act (and similar exemptions under applicable state securities laws).

About Sherritt

Sherritt is a world leader in the mining and refining of nickel and cobalt from lateritic ores with projects, operations and investments in Canada, Cuba and Madagascar. The Corporation is the largest independent energy producer in Cuba, with extensive oil and power operations across the island. Sherritt licenses its proprietary technologies and provides metallurgical services to mining and refining operations worldwide. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "S".

Forward-Looking Statements

This news release contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of statements that include such words as "believe", "expect", "anticipate", "intend", "plan", "forecast", "likely", "may", "will", "could", "should", "suspect", "outlook", "projected", "continue" or other similar words or phrases. Specifically, forward-looking statements in this document include, but are not limited to, statements set out in this news release relating to: the key terms of the Transaction and the effect of its implementation on the Debtholders, other stakeholders and the Corporation; the holding and timing of, and matters to be considered at the Meetings as well as with respect to voting at such Meetings; the expected timing of the Record Date; the Corporation's intent to reduce its debt and annual interest payments through the implementation of the Transaction pursuant to the Plan of Arrangement; the capital structure of the Corporation following the implementation of the Transaction; the expected process for and timing of implementing the Transaction; the anticipated Stated Capital Reduction and the effect thereof; the public posting of materials and information related to the Transaction; the anticipated repayment of the New Second Lien Notes; and the effect of the

Transaction.

Forward-looking statements are not based on historic facts, but rather on current expectations, assumptions and projections about future events, including matters relating to the proposed Transaction; commodity and product prices and demand; the level of liquidity; production results; realized prices for production; earnings and revenues; and certain objectives, goals and plans. By their nature, forward looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that those assumptions may not be correct and that actual results or payments may differ materially from such predictions, forecasts, conclusions or projections.

The Corporation cautions readers of this news release not to place undue reliance on any forward-looking statement as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, risks associated with the ability of the Corporation to receive all necessary regulatory, court, third party and stakeholder approvals in order to complete the Transaction; the ability of the Corporation to achieve its financial goals; the ability of the Corporation to operate in the ordinary course during the CBCA Proceedings, including with respect to satisfying obligations to service providers, suppliers, contractors and employees; the ability of the Corporation to continue as a going concern; the ability of the Corporation to continue to realize its assets and discharge its liabilities and commitments; the Corporation's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Corporation to stabilize its business and financial condition; the ability of the Corporation to implement and successfully achieve its business priorities; the ability of the Corporation to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements; the general regulatory environment in which the Corporation operates; the tax treatment of the Corporation and the materiality of any legal and regulatory proceedings; the general economic, financial, market and political conditions impacting the industry and markets in which the Corporation operates; the ability of the Corporation to sustain or increase profitability, fund its operations with existing capital and/or raise additional capital to fund its operations; the ability of the Corporation to generate sufficient cash flow from operations; the impact of competition; the ability of the Corporation to obtain and retain qualified staff, equipment and services in a timely and efficient manner (particularly in light of the Corporation's efforts to restructure its debt obligations); and the ability of the Corporation to retain members of the senior management team, including but not limited to, the officers of the Corporation. Readers are cautioned that the foregoing list of factors is not exhaustive and should be considered in conjunction with the risk factors described in this news release and in the Corporation's other documents filed with the Canadian securities authorities, including without limitation the Management's Discussion and Analysis of the Corporation for the year ended December 31, 2019, and the Annual Information Form of the Corporation dated February 13, 2019 for the period ending December 31, 2018, which are available on SEDAR at www.sedar.com.

The Corporation may, from time to time, make oral forward-looking statements. The Corporation advises that the above paragraph and the risk factors described in this news release and in the Corporation's other documents filed with the Canadian securities authorities should be read for a description of certain factors that could cause the actual results of the Corporation to differ materially from those in the oral forward-looking statements. The forward-looking information and statements contained in this news 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.

SCHEDULE

SUMMARY OF CERTAIN KEY TERMS OF THE NEW SECOND LIEN NOTES

Issuer:	Sherritt
Principal Amount:	Approximately (i) \$294 million (equal to 50% of the approximately \$588 million of outstanding principal amount of Existing Notes) plus (ii) an amount equal to the interest accrued in respect of the Existing Notes up to but not including the Effective Date
Maturity:	April 30, 2027

Guarantors:	Sherritt International (Cuba) Oil and Gas Limited, Sherritt International Oil and Gas Limited, Sherritt International (Bahamas) Inc., Sherritt Power (Bahamas) Inc., Sherritt Utilities Inc., Canada North America (Europe) B.V., CNWL Oil (España) S.A., 672539 Alberta Ltd., 672540 Alberta Ltd., SI Finance Technologies Ltd., 1683740 Alberta Ltd., OG Finance Inc., Power Finance Inc., SBCT Logistics Marketing Services (UK) Limited, The Cobalt Refinery Holding Company Ltd. and 672538 Alberta Ltd. (collectively, the "New Notes Guarantors")
Interest Rate:	8.500% per annum
Interest Payment Dates:	Payable semi-annually in arrears on April 30 and October 30 of each year, commencing on October 30, 2021
Security and Rank:	Second lien security granted on substantially all of the assets of Sherritt and the New Notes Guarantors, each case ranking behind in priority to the security granted in respect of the Revolving Bank Facility of Sherritt's senior lenders
Mandatory Redemption:	While the aggregate principal amount of New Second Lien Notes outstanding is \$150 million or more, the Corporation will be required to redeem New Second Lien Notes at par on a semi-annual basis on April 30 and October 30 of each year, from and after October 30, 2021, in a principal amount equal to 100% of the Corporation's excess cash flow, subject to a minimum liquidity threshold of \$75 million or more as defined in the new notes indenture
Optional Redemption:	All or a portion of the New Second Lien Notes may be redeemed by the Corporation at any time prior to maturity at (i) 103% of the redeemed principal amount until the final year prior to maturity, and (ii) 100% of the redeemed principal amount in the final year of maturity, in each case plus accrued and unpaid interest on the redeemed amount

The above summary is qualified in its entirety by reference to the more detailed information to be contained in the Description of New Second Lien Notes to be attached to the Circular.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20200226005523/en/>

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