Clean Air Metals Closes First Tranche of C$15 Million Royalty Financing Agreement on Thunder Bay North Critical Minerals Project with Triple Flag Precious Metals Corp.

written by Raj Shah | December 19, 2022

December 19, 2022 (Source) – **Clean Air Metals Inc.** ("Clean Air Metals") (the "Company") (TSXV: AIR) (OTCQB: CLRMF) (CKU: DB) has closed the first tranche in the amount of C$10 million of a C$15-million mineral royalty financing agreement (the "TF Royalty Agreement") effective December 16, 2022 (the "Effective Date") with **Triple Flag Precious Metals Corp.** ("Triple Flag"). The TF Royalty Agreement features a 2.5% net smelter returns ("NSR") mining royalty for all mineral product produced on the Thunder Bay North Critical Minerals (Platinum, Palladium, Copper, Nickel) Project in Northern Ontario, Canada, temporarily excepting the Escape claims.

The second tranche, consisting of C$5 million, will be paid on or before 110 days from the Effective Date of the TF Royalty Agreement, allowing time for due diligence and a decision by Rio Tinto Exploration Canada Inc. ("RTEC") on whether or not to sell its 1% NSR royalty on the Escape claims to Clean Air Metals for C$2 million, subject to certain conditions ("Put Option No. 1"). RTEC also has an alternative option to sell its 1% NSR to Clean Air Metals for C$3.5 million at a future date ("Put Option No. 2") or may elect not to sell its 1% NSR at all. Put Option No. 2 is valid for the period from June 30, 2024 until 60 days

after filing of a “Feasibility Study” (as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*) on SEDAR. The Tranche 1 and Tranche 2 payment areas are shown in the accompanying map link Figure 1 Triple Flag Royalty Map.

Benton Resources Inc. has also provided its consent for the application of the TF Royalty Agreement to the former Thunder Bay North claims previously held by Panoramic Resources Inc. and ultimately to the Escape claims formerly held by Benton Resources under option with RTEC. At either the expiry or closing of Put Option No. 1 or the election of RTEC to move to Put Option No. 2 or not to sell its 1% NSR at all, Clean Air Metals and Triple Flag will close the second tranche and the TF Royalty Agreement shall also apply to the Escape claims and be posted on title of the Escape claims.

Use of Proceeds

Proceeds of the royalty financing will be used: **(i)** to finance the last instalment payment of C$1.5 million cash to Panoramic Resources Inc. as the final vesting condition of the option agreement with Benton Resources Inc. (reported May 15, 2020). On payment, Clean Air Metals will have fully earned a 100% interest in the Thunder Bay North Project and the Escape Project, now collectively called the Thunder Bay North Critical Minerals Project; **(ii)** to complete the Prefeasibility Study for the Project pursuant to National Instrument 43-101 under supervision of Chief Operating Officer Mike Garbutt, P.Eng.; **(iii)** to advance environmental and regulatory permitting activities; **(iv)** to advance further exploration activities, and **(v)** for general corporate and working capital purposes.

Royalty Buydown

The TF Royalty Agreement entitles Triple Flag, through its

subsidiary **TF R&S Canada Ltd**., a 2.5% NSR royalty paid using the net smelter returns, as defined in the TF Royalty Agreement, received by Clean Air Metals from the sale of all mineral products for the life of the collective Thunder Bay North Project and within an agreed area of interest (the "Area of Interest"). **Clean Air Metals has also been granted the right by Triple Flag to buy down** up to 40% of the NSR royalty and to reduce the NSR percentage to 1.5% on at any time on or before three years following the Effective Date of the TF Royalty Agreement, for C$10.5-million, assuming the closing of both Tranche 1 and Tranche 2 payments.

Jim Gallagher, P.Eng., Executive Chair of Clean Air Metals, commented: "This sizeable, early-stage investment by Triple Flag made after a significant due diligence review demonstrates the inherent potential value of the Thunder Bay North Critical Minerals Project. We appreciate Triple Flag's confidence in the Clean Air Metals team's ability to engineer, permit and construct a mine at Thunder Bay North."

Abraham Drost, Chief Executive Officer of Clean Air Metals, commented: "The exploration upside at this Mid-Continent Rift related mineral system being developed at Thunder Bay North is considerable. We look forward to continuing the search for the source of high value massive sulphide deposits in feeder zone structures, for the benefit of our Indigenous partners and other stakeholders, Clean Air Metals shareholders and our new finance partner Triple Flag Precious Metals Corp."

Right of First Refusal on Project Finance

Clean Air Metals has also granted Triple Flag a right of first refusal to match any bona fide written offer that it is willing to accept from any person dealing at arm's length with Clean Air Metals or any of its affiliates to enter into a stream, royalty

or similar financing arrangement in or with reference to mineral products extracted from ore which originates within the Thunder Bay North Project and the Area of Interest.

About Clean Air Metals Inc.

Clean Air Metals' flagship asset is the 100% owned, high grade Thunder Bay North Project, a platinum, palladium, copper, nickel project located near the City of Thunder Bay, Ontario and the Lac des Iles Mine owned by Impala Platinum. The Thunder Bay North Project hosts the twin magma conduit bodies which host the Current and Escape deposits forming the basis for a robust preliminary economic assessment (PEA) filed January 12, 2022. The PEA of a ramp access underground mine and on-site 3600tpd milling complex and the 2-year trailing average price deck, features a pre-tax NPV5 of C$425m and an IRR of 31% on initial capital of $367m over a 10-year mine life.

Executive Chair Jim Gallagher, P.Eng. and COO Mike Garbutt, P.Eng. lead an experienced technical team who are using the Norilsk magma conduit stratigraphic and mineral deposit model to guide ongoing exploration and development prefeasibility studies for a low-carbon, all-electric sustainable mining operation at Thunder Bay North. As the former CEO of North American Palladium Ltd. which owned the Lac des Iles Mine prior to the sale to Impala Platinum in December 2019, Jim Gallagher and team are credited with the mine turnaround and creation of significant value for shareholders.

About Triple Flag Precious Metals Corp.

Triple Flag is a pure play, gold-focused, emerging senior streaming and royalty company. Triple Flag offers bespoke financing solutions to the metals and mining industry with exposure primarily to gold and silver in the Americas and Australia, with a total of 80 assets, including 9 streams

and 71 royalties. These investments are tied to mining assets at various stages of the mine life cycle, including 15 producing mines and 65 development and exploration stage projects. Triple Flag is listed on the TSX and the NYSE under the ticker “TFPM”.

Website: www.cleanairmetals.ca

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Forward-Looking Information

The information contained herein contains “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be “forward-looking statements.” Forward-looking statements in this press release include statements related to the closing of the second tranche of the royalty financing and the use of proceeds of the royalty financing are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to the failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining and exploration; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or

development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. 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 forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. Actual events or results could differ materially from the Company's expectations or projections.

SOURCE Clean Air Metals Inc.

Please contact: Abraham Drost, M.Sc. P.Geo., Chief Executive Officer, Clean Air Metals Inc., Phone: 807-252-7800, Email: adrost@cleanairmetals.ca