Treasury Metals Closes $17.6 Million Financing and Announces Partial Assignment of Convertible Debt to Sprott Resource Lending

written by Raj Shah | March 11, 2021

March 10, 2021 (Source) – **Treasury Metals Inc.** (TSX: TML) ("**Treasury**" or the "**Company**") is pleased to report that it has closed its previously announced private placements of an aggregate of approximately 10.6 million non-flow-through special warrants (the "**NFT Special Warrants**") on a "bought deal" basis at a price of $0.95 per NFT Special Warrant (the "**NFT Issue Price**") and approximately 6.8 million flow-through special warrants (the "**FT Special Warrants**" and together with the NFT Special Warrants, the "**Special Warrants**") on a best efforts agency basis at a price of $1.10 per FT Special Warrant (the "**FT Issue Price**") for total gross proceeds to the Company of approximately $17.6 million (the "**Offering**"). The Company is also pleased to announce that a portion of its convertible debt was assigned to Sprott Private Resource Lending II (Collector), LP ("**Sprott Resource Lending**") and certain terms of the Company's convertible debt were amended.

Jeremy Wyeth, President and CEO, commented: "We are pleased to have closed the financing which funds our exploration and development activities for 2021. We are in the final planning stages of our 2021 drilling program across our 330-square-kilometre land package, and will provide an update on our plans in the coming days. On the project development side, we have

recently tendered for the primary contractor to lead the Goliath Gold Complex pre-feasibility study work and anticipate making a decision in the near future. We look forward to a busy 2021 and making significant progress on what we believe is one of Ontario's next gold mines."

"The acquisition of our convertible debt by Sprott Resource Lending provides us with further financial flexibility, including an extended maturity date for the loan and additional flexibility in respect of interest payments more appropriate to a company of our stage. We welcome Sprott Resource Lending as both a lender and equity investor as we move forward with the development of the Goliath Gold Complex," added Mr. Wyeth.

The Offering was led by Haywood Securities Inc., and Cormark Securities Inc., as joint bookrunners, and together with Sprott Capital Partners LP, as co-lead underwriters and agents, in each case on behalf of themselves and on behalf of a syndicate of underwriters and agents including PI Financial Corp., iA Private Wealth Inc., and Paradigm Capital Inc.

Each Special Warrant will be exercisable to acquire one common share of the Company (each a "**Common Share**"). The FT Special Warrants will be "flow-through shares" for purposes of the *Income Tax Act* (Canada).

The Special Warrants will be exercisable by the holders thereof at any time for no additional consideration and all unexercised Special Warrants will be deemed to be exercised and surrendered, without any further action or payment of additional consideration by the holder thereof, at the earlier of: (a) 4:59 p.m. on July 11, 2021; and (b) the fifth business day after a receipt is issued for a (final) prospectus (the "**Final Qualification Prospectus**") by the securities regulatory authorities in each of the Offering provinces Canada, qualifying

for distribution the Common Shares. The Company will use commercially reasonable efforts to obtain such receipt on or prior to April 15, 2021. Until a receipt is issued for the Final Qualification Prospectus, the Special Warrants (and any Common Shares issued on exercise thereof) will be subject to a hold period under applicable Canadian securities laws expiring July 11, 2021.

The net proceeds of the NFT Special Warrants will be used to fund exploration and trade-off optimization studies as part of the pre-feasibility study work and development of the Company's Goliath Gold Complex projects, as well as for general working capital purposes. The gross proceeds from the sale of the FT Special Warrants will be used by the Company to incur eligible "Canadian exploration expenses" that qualify as "flow-through mining expenditures" (within the meaning of the *Income Tax Act* (Canada)), related to the Company's Goliath Gold Complex projects in Ontario. The Company has agreed to renounce such Canadian exploration expenses with an effective date of no later than December 31, 2021, in an aggregate amount of not less than the total amount of the gross proceeds raised from the issuance of FT Special Warrants.

The Offering constituted a related party transaction within the meaning of Multilateral Instrument 61-101 ("**MI 61-101**") as insiders of the Company subscribed for an aggregate of 140,264 Special Warrants. The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the participation in the Offering by insiders does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The participants in the Offering and the extent of such participation were not finalized until shortly prior to the completion of the Offering. Accordingly, the Company was not

able to publicly disclose details of the nature and extent of related party participation in the Offering pursuant to a material change report filed at least 21 days prior to the completion of the Offering.

Closing of the Offering remains subject to certain regulatory approvals including the final approval of the Toronto Stock Exchange (the "**TSX**").

The Special Warrants issued under the Offering were offered by way of private placement exemptions in each of the Offering provinces Canada. The Special Warrants and the Common Shares are subject to a statutory four-month hold period in accordance with Canadian securities legislation subject to qualification of the under the Common Shares issued on exercise of the Special Warrants under the Final Qualification Prospectus.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This news release does not constitute an offer for sale of securities, nor a solicitation for offers to buy any securities. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the Company and management, as well as financial statements.

Convertible Debt Amendment

Extract Advisors LLC, agent for the Company's convertible debt, agreed to certain amendments to the facility agreement, including the extension of the debt by seven months to June 30, 2023 and the addition of the ability, at the Company's option, to make future interest payments in cash, shares or as payment

in kind, in exchange for the removal of a call feature in favour of the Company.

To view further details about the Goliath Gold Complex projects, please visit the Company's website at www.treasurymetals.com.

About Treasury Metals Inc.

Treasury Metals Inc. is a gold focused company with assets in Canada. Treasury's Goliath Gold Complex ("**GGC**"), which includes the Goliath, Goldlund and Miller projects, is located in Northwestern Ontario. The GGC projects benefit substantially from excellent access to the Trans-Canada Highway, related power and rail infrastructure, and close proximity to several communities including Dryden, Ontario. The Company also owns several other projects throughout Canada, including the Lara Polymetallic Project, Weebigee-Sandy Lake Gold Project JV, and grassroots gold exploration property Gold Rock.

Forward-Looking Statements

Certain information set forth in this news release contains "forward-looking statements", and "forward-looking information under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements, which include the use of proceeds from the Offering, the issuance of a receipt for a Final Qualifying Prospectus, the necessary approvals for the Offering including the approval of the TSX, updates with respect to the Company's 2021 drilling program, decisions relating to the primary contractor to lead the Goliath Gold Project pre-feasibility study work, qualification of the FT Special Warrants as flow-through shares, the timing of a receipt for the Final Qualification Prospectus, hold periods on the Special Warrants and Common Shares, funding exploration and trade-off optimization studies, renouncing by the Company of Canadian

exploration expenses and the terms of amendments of the facility agreement and are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by the use of conditional or future tenses or by the use of such words such as "will", "expects", "may", "should", "estimates", "anticipates", "believes", "projects", "plans", and similar expressions, including variations thereof and negative forms. These statements are not guarantees of future performance and undue reliance should not be placed on them.

Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: receipt of necessary regulatory approvals relating to the Offering including approval of the TSX, that the issuance of a receipt for a Final Qualifying Prospectus may be delayed or may not be received by the Company at all, difficulties identifying and retaining a primary contractor to lead the Goliath Gold Project pre-feasibility study work, the termination of any agreement governing the Offering, general business and economic conditions, changes in world gold markets, sufficient labour and equipment being available, changes in laws and permitting requirements, unanticipated weather changes, title disputes and claims, environmental risks as well as those risks identified in the Company's Annual Information Form and its most recent Management Discussion and Analysis.

There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. The

Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by securities legislation.