



**TEMAS RESOURCES CORP.**

## **Temas Files Technical Report and Clarifies Information Circular Regarding Requirements for Minority Approval**

August 27, 2020 – Temas Resources Corp. (the “**Temas**”) (CSE: **TMAS**) issues this clarifying news release, as requested by the Ontario Securities Commission (“**OSC**”) with respect to the Company’s notice of annual general and special meeting of shareholders (the “**Meeting**”) originally scheduled to be held on August 25, 2020, and management information circular dated July 24, 2020 (the “**Information Circular**”).

In the Information Circular, the board of directors (“**Board**”) of the Company proposed a resolution approving the acquisition (the “**Transaction**”) of the La Blache Property (the “**Property**”) from CloudBreak Discovery Corp. (“**CloudBreak**”) and Cronin Services Ltd. (“**Cronin**” and, together with CloudBreak, the “**Vendors**”).

### **Technical Report**

The Company announces that it has filed on SEDAR an independent technical report (the “**Technical Report**”) prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) in respect of the Property.

The full Technical Report with an effective date of August 20, 2020 is entitled “2020 Technical (NI 43-101) report on La Blache Property”. It was prepared by Rory Kutluoglu, P. Geo., who is independent of the Company and is a qualified person within the meaning of NI 43-101.

The Technical Report can be found under the Company’s issuer profile at [www.sedar.com](http://www.sedar.com) and the Company’s website.

As noted elsewhere in this news release, the Company wishes to clarify that the Technical Report does not include a current resource estimate and does not constitute a preliminary economic assessment on the Property.

In those instances where the Company has retracted, revised, clarified or updated previous disclosure, the Company advises readers not to rely on such statements as they may continue to be found in the public domain.

### **Information Circular Deficiencies**

The OSC has requested that the Company provide clarifications in relation to deficiencies relating to: (1) the nature of the related parties and their interests in the Company and the Vendors, and (2) the rationale for and background to the Transaction.

## 1. Nature of the Related Parties and their Interests in the Company and the Vendors

The Company hereby supplements the Information Circular disclosure to clarify the nature of the related parties (the “**Related Parties**”) and their interests in the Company and the Vendors as follows:

<b>Related Party</b>	<b>Relationship with the Company</b>	<b>Relationship with CloudBreak</b>	<b>Relationship with Cronin</b>
Kyler Hardy	Director Officer 4.3% shareholder	Director 46.1% shareholder	Director Officer 77.5% shareholder
David Robinson	Officer 1.8% shareholder	Officer	Officer 10% shareholder

As a result of the Transaction, each of the Vendors will acquire 10,000,000 common shares in the capital of the Company. Mr. Hardy is a shareholder of CloudBreak and Cronin, and Mr. Robinson is a shareholder of Cronin. While the Related Parties’ direct interests in the Company will not change as a result of the Transaction, Mr. Hardy will beneficially own and have control and direction over 11,570,000 common shares of the Company, representing approximately 20.55% of the then issued and outstanding common shares of the Company following closing of the Transaction.

## 2. Rationale for and Background to the Transaction

The following is a summary of the material events, meetings, negotiations and discussions among the parties that preceded the public announcement of the Transaction.

The Company’s strategic objective is to acquire, explore and develop of iron, titanium and vanadium properties in Canada (the “**Strategic Objective**”). Management and the Board regularly consider, monitor and investigate opportunities to enhance shareholder value, with reference to the Strategic Objective. Management and the Board also regularly review and consider market conditions, including commodity prices and other factors that affect the business, operations and affairs of the Company including its growth and sustainability.

Following completion of the Company’s listing on the Canadian Securities Exchange on May 19, 2020, the Board investigated various opportunities including potential strategic transactions with various industry participants and other interested parties. Management and the Board reviewed and considered such transactions to determine whether pursuing them would be in the best interest of the Company and accomplish the Strategic Objective. In June 2020, after evaluation of the Company’s current business, financial position and future plans and prospects, Mr. Hardy suggested that the Board consider an acquisition of the Property.

Subsequently, the Company’s two independent directors, being Konstantin Lichtenwald and Michael Rowley (the “**Independent Directors**”), were authorized to review the Transaction and engage in negotiations on behalf of the Company with respect to the Transaction.

During the course of their review of the Transaction, the Independent Directors had discussions in June, 2020. Among the documents reviewed by the Independent Directors was a report prepared by SGS Canada Inc. (“**SGS**”) entitled “NI 43-101 Technical Report: Resource Estimation of the La Blache Project, Cote-Nord, Quebec, Canada” and dated May 14, 2012 (the “**SGS Report**”). The SGS Report was prepared for and filed on SEDAR by Nevado Resources Corporation (“**Nevado**”) at a time when the Property was owned by Nevado. Among other things, the SGS Report included a resource estimate (the “**Historical Resource Estimate**”) and concluded that the Property justified additional work.

The Independent Directors also considered, among other things:

- *Arm’s Length Negotiations.* The Agreed Terms were negotiated at arm’s length between the Independent Directors and the Vendors and were consistent with the Independent Director’s assessment of the fair market value of the Property.
- *Strategic Rationale.* An acquisition of the Property fits with the Strategic Objective.
- *Access to Capital.* The Company’s ability to make use of the public market to raise capital is likely to be significantly enhanced following closing of the Transaction.
- *Shareholder Approval.* The Transaction must be approved by at least a simple majority of the votes cast on the resolution by shareholders of the Company, excluding the Related Parties.
- *Technical Merits.* The Company believes that the Property may be prospective for iron ore, titanium, and vanadium oxide. The Property is situated close to existing infrastructure.

The Independent Directors also considered the contents of the SGS Report, including the existence of the Historical Resource Estimate. When reviewing the SGS Report, the Independent Directors considered the Historical Resource Estimate as a historical estimate and not as a current mineral resource. The Historical Resource Estimate was not verified by a qualified person and insufficient work was done to classify the historical estimate relative to current mineral resources. It should only be considered has an indication of the iron-titanium mineral potential on the Property. The Company is not treating the Historical Resource Estimate as a current mineral resource.

The Company notes that the Information Circular erroneously stated that the Property has a “positive PEA”. The references to “positive PEA” are hereby retracted.

The Independent Directors discussed the anticipated benefits of the Transaction to the Company and its stakeholders and weighed these against the associated risks and negative factors, including the risks to the Company if the Transaction is not completed, including the costs to the Company in pursuing the Transaction, the diversion of management’s attention away from conducting the Company’s business in the ordinary course and the potential impact on the Company’s current business relationships (including with future and prospective employees, suppliers and partners).

The Independent Directors concluded that, overall, the anticipated benefits of the Arrangement to the Company outweighed these risks and negative factors. Ultimately, as disclosed in the Information Circular, the Independent Directors determined that the Transaction is in the best

interests of the Company and that they would recommend that shareholders of the Company vote in favour of the Transaction.

The foregoing summary of the information and factors considered by the Independent Directors is not intended to be exhaustive, but includes the material information and factors considered by the Independent Directors in its consideration of the Transaction. In view of the variety of factors and the amount of information considered in connection with the Independent Directors' evaluation of the Transaction, they did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations. The recommendation of the Independent Directors was made after consideration of all of the above-noted and other factors and in light of its knowledge of the business, financial condition and prospects of the Company. In addition, individual Independent Directors may have assigned different weights to different factors.

In June 2020, the Independent Directors and Mr. Hardy (in his capacity as a representative of the Vendors) negotiated the terms of the Transaction. It was agreed that the Company would issue, pay and grant the following to the Vendors in consideration for the Property: (a) issue an aggregate of 20,000,000 common shares in the capital of the Company (the "**Payment Shares**"), (b) pay \$60,000 and (c) grant a 2% net smelter returns royalty (the "**Agreed Terms**"). The Payment Shares will be subject to pooling restrictions as follows: 25% will be released from pool on the date that is six months after the closing of the Transaction, and 75% of the Payment Shares will be released from pool on the date that is 12 months after such date. Mr. Hardy was instructed to work with the Company's legal counsel to prepare a purchase agreement (the "**Purchase Agreement**") to be entered into with the Vendors in respect of the Transaction, reflecting the Agreed Terms.

On June 18, 2020, the Company announced that it had entered into the Purchase Agreement.

### **Postponement of Meeting**

The Company announces that the Meeting has been postponed and rescheduled to September 18, 2020 at 10:00 a.m. (Vancouver time). The record date of the Meeting will remain July 21, 2020 and the location of the Meeting will remain the same.

### **Qualified Person**

Rory Kutluoglu, B.Sc, P.Geo, is the Qualified Person as defined by NI 43-101 who has reviewed and approved the technical information contained within this press release.

### **About Temas Resources Corp.**

Temas Resources Corp. is a mineral exploration company focused on the acquisition, exploration and development of Iron, Titanium and Vanadium properties in Canada. The Company has an option to acquire a 100% interest in the DAB Property which consists of 128 contiguous mineral claims which cover 6813.72 hectares (68.14 km<sup>2</sup>) within the Grenville Geological Province located in Quebec, Canada.

On behalf of the Board of Directors of Temas Resources Corp.,

“Kyler Hardy”

CEO, Director

### **Contact Information**

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### **Forward Looking Statements**

*This news release includes certain “Forward-Looking Statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” under applicable Canadian securities laws. When used in this news release, the words “anticipate”, “believe”, “estimate”, “expect”, “target”, “plan”, “forecast”, “may”, “would”, “could”, “schedule” and similar words or expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: closing of the Transaction, the Company’s plan to build an advanced base and special metals portfolio, the development of the Property, including drilling activities; and future mineral exploration, development and production.*

*Forward-looking statements and forward-looking information relating to any future mineral production, liquidity, enhanced value and capital markets profile of Temas, future growth potential for Temas and its business, and future exploration plans are based on management’s reasonable assumptions, estimates, expectations, analyses and opinions, which are based on management’s experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. Assumptions have been made regarding, among other things, the price of silver, gold and other metals; no escalation in the severity of the COVID-19 pandemic; costs of exploration and development; the estimated costs of development of exploration projects; Temas’ ability to operate in a safe and effective manner and its ability to obtain financing on reasonable terms.*

*These statements reflect Temas’ respective current views with respect to future events and are necessarily based upon a number of other assumptions and estimates that, while considered reasonable by management, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or forward-looking information and Temas has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: the Company’s dependence on one mineral project; precious metals price volatility; risks associated with the conduct of the Company’s mining activities in Quebec; regulatory, consent or permitting delays; risks relating to reliance on the Company’s management team and outside contractors; risks regarding mineral resources and reserves; the Company’s inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the*

*failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; employee relations, labour unrest or unavailability; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; litigation risk; and the factors identified under the caption "Risk Factors" in Temas' management discussion and analysis. Readers are cautioned against attributing undue certainty to forward-looking statements or forward-looking information. Although Temas has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. Temas does not intend, and does not assume any obligation, to update these forward-looking statements or forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.*