Serengeti Resources and Sun Metals Announce Merger to Consolidate Copper District in BC and Concurrent $8 Million Financing

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Serengeti Resources Inc. (TSX-V: SIR) (“Serengeti”) and Sun Metals Corp. (TSX-V: SUNM) (“Sun Metals”) are pleased to announce that they have entered into a definitive arrangement agreement dated November 29, 2020 (the “Agreement”) pursuant to which Serengeti will acquire all of the issued and outstanding shares of Sun Metals (the “Transaction”) on the basis of 0.43 common shares of Serengeti (on a pre-Consolidation (as defined below) basis) for each share of Sun Metals held, by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “Arrangement”). The Transaction will consolidate the contiguous copper-gold exploration and development assets of Kwanika and Stardust, both of which will benefit from operational synergies as the projects advance with a combined development strategy, along with a robust portfolio of British Columbia copper-gold assets, well positioned to take advantage of a strengthening copper market. Upon completion of the Transaction, it is expected that the shareholders of Sun Metals will hold approximately 40% of Serengeti’s issued and outstanding shares (prior to the concurrent financing), and Mark O’Dea will assume the role of Executive Chairman of Serengeti.

Transaction Highlights

- Consolidation of the contiguous Kwanika (67% Serengeti owned) and Stardust (100% Sun Metals owned) copper-gold resource projects in north-central British Columbia, creating synergistic co-development opportunities.
- Additional regional consolidation of the advanced exploration Lorraine (100% Sun Metals owned) and neighbouring Top Cat (Serengeti option to earn 100%) copper-gold projects.
- Further grassroots exploration opportunities, particularly the 3.5 km district-scale copper-gold target on Serengeti’s 100% owned 20,750 ha East Niv property.
- Strong leadership team, with the combined company to be led by Mark O’Dea as Executive Chairman and David Moore as Interim CEO, upon closing of the Transaction.
- Increased corporate and asset scale in a strengthening copper price environment to broaden investor appeal.
- Well-capitalized with concurrent $8.0 million bought deal of subscription receipts.

David W. Moore, President, CEO and Director of Serengeti, commented: “Against the backdrop of a resurgent copper market, this Transaction consolidates the ownership of a robust copper-gold portfolio, with near-term development synergy at Kwanika-Stardust and several high priority exploration targets.”

Mark O’Dea, current Director of Sun Metals and proposed Executive Chairman of the combined company, concluded: “This unique corporate combination creates an exciting, diversified copper-gold developer with a large pipeline of projects, in one of Canada’s most prolific porphyry mining camps. We are bringing together exploration, development and operational synergies at multiple projects along with ongoing resource expansion opportunities and new discovery potential. I am delighted to be part of this exciting new opportunity both as an executive and meaningful shareholder. I believe the proposed board and management team has the expertise and experience to deliver value into a rising copper market that is hungry for new investment opportunities.”

Transaction Details

Pursuant to the terms of the Agreement, Serengeti will acquire all of the issued and outstanding common shares of Sun Metals on the basis of 0.43 common shares of Serengeti (on a pre-Consolidation basis) for each share of Sun Metals held (the “Exchange Ratio”). Warrants and options of Sun Metals will be adjusted or exchanged to become warrants and options, respectively, of Serengeti based on the Exchange Ratio. It is anticipated that these securities will be adjusted or exchanged on a post-Consolidation basis. The Transaction was negotiated at arm’s length.

Sun Metals shall be entitled to nominate three directors, including Mark O’Dea as Executive Chairman, to join a newly constituted six-member board of directors of Serengeti, which shall include three nominees of Serengeti. David Moore will remain as Interim CEO of Serengeti, until such time as a full time CEO is appointed.

Immediately prior to the closing of the Transaction, it is anticipated that Serengeti will consolidate its common shares on a two for one basis (the “Consolidation”), subject to the receipt of all necessary approvals.

The Arrangement will be carried out by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) and is subject to a number of conditions being satisfied or waived by one or both of Serengeti and Sun Metals at or prior to closing of the Arrangement, including approval of Sun Metals securityholders, together with any requisite minority approvals, approval of Serengeti shareholders, completion of the Consolidation, amendment of the Serengeti stock option plan, and receipt of all necessary regulatory and court approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature, including completion of the Offering (as hereinafter defined). The Transaction is also subject to a simple majority of the votes cast by Serengeti shareholders.

It is expected that the special meeting of Sun Metals securityholders and the special meeting of Serengeti shareholders to approve the proposed Arrangement will be held in mid-February 2021 and, if approved at those meetings and all other conditions have been met, it is expected that the Arrangement would close shortly thereafter.

The Agreement includes customary provisions, including non-solicitation, right-to-match and fiduciary out provisions, as well as certain representations, covenants and conditions that are customary for a transaction of this nature. A termination fee of $750,000 may be payable by either party in the case of certain terminating events.

Further information regarding the Transaction will be contained in management information circulars to be prepared by Sun Metals and Serengeti and mailed to securityholders of Sun Metals and shareholders of Serengeti, in connection with special meetings of securityholders and shareholders to be held by each company, respectively, to consider the Arrangement and related matters. All securityholders of Sun Metals and shareholders of Serengeti are urged to read the information circular once available, as it will contain important additional information concerning the Transaction.

Sun Metals is subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). MI 61-101 provides that, in certain circumstances, where a “related party” (as defined in MI 61-101) of an issuer is entitled to receive a “collateral benefit” (as defined in MI 61-101) in connection with an arrangement transaction such as the Arrangement, such transaction may be considered a “business combination” for the purposes of MI 61-101 and subject to minority shareholder approval requirements.

Sun Metals has determined that certain directors or executive officers of Sun Metals are receiving a “collateral benefit” in connection with the Arrangement as each beneficially owns or exercises control or direction over more than 1% of Sun Metals common shares (calculated in accordance with MI 61-101). Consequently, the Sun Metals common shares beneficially owned, directly or indirectly, these certain directors or executive officers will be excluded for the purposes of determining if minority approval of the Arrangement is obtained.

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell any shares or a solicitation of a proxy.

Concurrent Financing

Concurrent with announcement of the Transaction, Sun Metals has entered into an agreement with a syndicate of underwriters co-led by PI Financial Corp. and Haywood Securities Inc. (collectively, the “Underwriters”) in connection with a bought deal private placement financing (the

“Offering”) of an aggregate of 64,000,000 subscription receipts (the “Subscription Receipts”) at a price of $0.125 per Subscription Receipt (the “Issue Price”) for gross proceeds of $8,000,000.

In addition, Sun Metals has granted the Underwriters an option to purchase up to an additional 9,600,000 Subscription Receipts at the Issue Price, for additional gross proceeds of up to $1,200,000, exercisable in whole or in part at any time up to 48 hours prior to the closing date of the Offering.

The Subscription Receipts will be issued pursuant to a subscription receipt agreement (the “Subscription Receipt Agreement”) to be entered into by Sun Metals, the Underwriters, and a licensed Canadian trust company as subscription receipt agent to be agreed upon. Pursuant to the Subscription Receipt Agreement, the gross proceeds of the Offering (less 50% of the Underwriters’ cash commission and all of the Underwriters’ expenses) (the “Escrowed Funds”) will be held in escrow pending satisfaction of certain conditions, including, amongst others, (a) the satisfaction or waiver of each of the conditions precedent to the Transaction; and (b) the receipt of all required shareholder and regulatory approvals in connection with the Transaction and the Offering, including the condition approval of the TSX Venture Exchange (the “Escrow Release Conditions”). If the Escrow Release Conditions have not been satisfied on or prior to March 31, 2020, the holders of Subscription Receipts will be returned a cash amount equal to the Issue Price of the Subscription Receipts and any interest that has been earned on the Escrowed Funds.

Upon the satisfaction of the Escrow Release Conditions, each Subscription Receipt will automatically convert into one unit of Sun Metals (each a “Unit”) which shall be exchanged or adjusted into securities of Serengeti at the Exchange Ratio upon completion of the Transaction, on a post-Consolidation basis. Each Unit will consist of one common share of Sun Metals (each a “Common Share”) and one-half of one common share purchase warrant (each a "Warrant"). Each Warrant will be exercisable to acquire one common share of Sun Metals (each a “Warrant Share”) for a period of 24 months from the closing of the Offering, at an exercise price of $0.18, as adjusted by the Exchange Ratio, subject to acceleration in the event that the volume weighted average trading price of the common shares of Sun Metals on the TSX Venture Exchange is equal to or greater than $0.30 (on an exchanged or adjusted basis pursuant to the Arrangement) for 20 consecutive trading days.

Proceeds from the issue and sale of the Subscription Receipts will be used by Sun Metals and Serengeti to advance their collective portfolio of copper-gold exploration and development assets in British Columbia, and for general working capital purposes.

The Subscription Receipts to be issued under the Offering will be offered by way of a private placement in all the provinces of Canada and in the United States on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended. The Subscription Receipts and the Common Shares, Warrants and Warrant Shares underlying the Subscription Receipts, will be subject to a statutory four-month hold period in accordance with Canadian securities legislation, or until such securities are exchange or adjusted pursuant to the Arrangement.

Board Recommendations and Voting Support

The Arrangement has been unanimously approved by the board of directors of both Serengeti and Sun Metals. Both boards of directors recommend that their respective shareholders and securityholders vote in favour of the Transaction.

All of the directors and officers of Sun Metals, holding in aggregate 14.03% of the issued and outstanding common shares of Sun Metals and 15.24% of the outstanding common shares, options and warrants of Sun Metals, have entered into customary voting support agreements agreeing to vote in favour of the Transaction. All of the directors and officers and several large shareholders of Serengeti, holding in aggregate 27.45% of the issued and outstanding common shares of Serengeti, have similarly entered into customary voting support agreements agreeing to vote in favour of the Transaction.

Haywood Securities Inc. has provided a fairness opinion to the board of directors of Serengeti that, as of the date hereof, and based upon and subject to the assumptions, limitations and qualifications stated therein, the consideration to be paid by the Serengeti to the shareholders of Sun Metals under the Arrangement is fair,

from a financial point of view, to Serengeti.

PI Financial Corp. has provided a fairness opinion to the board of directors of Sun Metals that, as of the date hereof, and based upon and subject to the assumption, limitations and qualifications stated therein, the consideration to be received by the shareholders of Sun Metals under the Arrangement is fair, from a financial point of view, to the shareholders of Sun Metals.

Advisors and Counsel

Haywood Securities Inc. is acting as financial advisor and Fasken Martineau DuMoulin LLP is acting as legal counsel to Serengeti.

PI Financial Corp. is acting as financial advisor and Cassels Brock & Blackwell LLP is acting as legal counsel to Sun Metals.

Qualified Persons

Technical aspects of this news release have been reviewed, verified and approved on behalf of Serengeti by Quinn Harper, P.Geo., Chief Geologist of Serengeti, and on behalf of Sun Metals by Ian Neill, P.Geo., Vice President Exploration of Sun Metals, both of whom are qualified persons as defined by National Instrument 43-101 – Standards of Disclosure for Minerals Projects.

About Serengeti

Serengeti is a mineral exploration company managed by an experienced team of professionals with a solid track record of exploration success. The Company is currently advancing its majority-owned, advanced Kwanika copper-gold project and exploring its extensive portfolio of properties in north-central British Columbia. Additional information can be found on the Company’s website at www.serengetiresources.com.

About Sun Metals

Sun Metals is advancing its 100% owned flagship, high-grade Stardust Project located in north-central British Columbia, Canada. Stardust is a high-grade polymetallic Carbonate Replacement Deposit with a rich history. Sun Metals also owns the Lorraine copper-gold project, and the OK copper-molybdenum project.

On Behalf of the Board of Directors of Serengeti Resources Inc.

“David W. Moore”

President, CEO & Director

On Behalf of the Board of Directors of Sun Metals Corp.

“Steve Robertson”

President, CEO & Director

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Cautionary Statement Regarding Forward Looking Information

All statements, trend analysis and other information contained in this press release about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. All statements, other than statements of historical fact, included herein, including, without limitation, statements regarding anticipated benefits of the Transaction, the closing of the Transaction, the Offering, the Kwanika and Stardust (the “Projects”), including anticipated operational synergies between the properties, are forward-looking statements. Although Serengeti and Sun Metals (the "Companies") believe that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since the Companies can give no assurance that such expectations will prove to be correct. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the risks, uncertainties and other factors identified in the Companies' periodic filings with Canadian securities regulators, and assumptions made with regard to: the Companies' ability to complete the proposed Transaction; the Companies' ability to secure the necessary shareholder, securityholder, legal and regulatory approvals required to complete the Transaction; the ability to complete the Offering; the estimated costs associated with the advancement of the Projects; and the Companies' ability to achieve the synergies expected as a result of the Transaction. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Important factors that could cause actual results to differ materially from the Companies’ expectations include risks associated with the business of Serengeti and Sun Metals; risks related to the satisfaction or waiver of certain conditions to the closing of the Transaction; non-completion of the Transaction; risks related to reliance on technical information provided by Serengeti and Sun Metals; risks related to exploration and potential development of the Projects; business and economic conditions in the mining industry generally; fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals; and other risk factors as detailed from time to time and additional risks identified in Serengeti and Sun Metals’s filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Neither Serengeti nor Sun Metals undertakes any obligation to update forward-looking statements except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.

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