

Serengeti Resources and Sun Metals Announce Upsize to Bought Deal Offering in Connection With Merger Transaction

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[Serengeti Resources Inc.](#) (TSX-V: SIR) and [Sun Metals Corp.](#) (TSX-V: SUNM) are pleased to announce that they have entered into an agreement with PI Financial Corp. and Haywood Securities Inc. as co-lead underwriters, on behalf of a syndicate of underwriters (collectively, the "Underwriters"), to increase the size of the previously announced bought deal financing to an aggregate of 72,000,000 subscription receipts (the "Subscription Receipts") at a price of \$0.125 per Subscription Receipt (the "Issue Price") for gross proceeds of \$9,000,000 (the "Offering"). The Offering is being conducted in connection with the previously announced merger transaction between Serengeti and Sun Metals to create a premier Canadian multi-asset copper-gold developer (the "Transaction") whereby Serengeti will acquire all of the 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").

In addition, Sun Metals has granted the Underwriters an option to purchase up to an additional 10,800,000 Subscription Receipts at the Issue Price, for additional gross proceeds of up to \$1,350,000, exercisable in whole or in part at any time 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, 2021, 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-Serengeti share consolidation basis as previously announced). 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, 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 for 20 consecutive trading days, all as to be adjusted by the Exchange Ratio upon completion of the Transaction.

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 closing of the Offering is expected to occur on or around December 17, 2020.

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 "U.S. Securities Act"). 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 exchanged or adjusted pursuant to the Arrangement. The Offering is subject to approval of the TSX Venture Exchange.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the Subscription Receipts in the United States. The Subscription Receipts and the Common Shares, Warrants and Warrant Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws and may not be offered or sold within the United States except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

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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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 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", "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

and the Offering, 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' 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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