

# Lida Resources Inc. Provides Update On Transaction With Continental Potash

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[Lida Resources Inc.](#) (CSE: LIDA) ("Lida" or the "Company") is pleased to announce that it has completed an initial submission to the Canadian Securities Exchange (the "CSE") in respect of its previously announced proposed reverse takeover transaction (the "Proposed Transaction") with Continental Potash Corp. ("Continental"). The Proposed Transaction is subject to the approval of the CSE, as the Proposed Transaction is intended to constitute a Fundamental Change of the Company as defined in CSE Policy 8 - *Fundamental Changes and Changes of Business*, as well as shareholder approval. Following completion of the Proposed Transaction, the business of the resulting entity (the "Resulting Issuer") will be the business of Continental.

Further information regarding the Proposed Transaction can be found on the Company's SEDAR profile at [www.sedar.com](#) and in the Company's press releases dated July 7, 2022 and September 7, 2022.

## Proposed Financing

Prior to the closing date of the Proposed Transaction, subject to regulatory approval, Continental will complete a brokered private placement (the "Offering") for aggregate gross proceeds of up to \$6,300,000 (subject to a 15% over-allotment option or up to an additional \$945,000 if fully subscribed), whereby Research Capital Corporation (the "Agent") has agreed to act as lead agent and sole bookrunner of the Offering, on a best-efforts basis. The Offering will consist of the issuance of (i) up to \$2,000,000 in subscription receipts (the "Sub Receipts") of Continental at a price of \$0.25 per Sub Receipt (the "Subscription Price"); and (ii) up to \$4,300,000 in flow-through subscription receipts (the "FT Sub Receipts") of Continental at a price of \$0.30 per FT Sub Receipt (the "FT Subscription Price"). The Offering is subject to a minimum aggregate net proceeds requirement of \$3,500,000 (in any combination of Sub Receipts and FT Sub Receipts), pursuant to the terms of the Option Agreement (as defined herein) between Continental and Buffalo Potash Corporation ("Buffalo").

Each one (1) Sub Receipt issued under the Offering will be automatically exchanged into one (1) unit (the "Unit") of the Resulting Issuer, and each (1) FT Sub Receipt issued under the Offering will be automatically exchanged into one (1) flow through unit (the "FT Unit") of the Resulting Issuer, in each case without further payment or action on the part of the holder upon satisfaction of certain escrow release conditions (the "Release Conditions"), which include the closing of the Proposed Transaction among others.

Upon the satisfaction of the Release Conditions, which include the closing of the Proposed Transaction, all Sub Receipts and FT Sub Receipts issued in connection with the Offering will automatically convert, without additional consideration or further action on behalf of the holders, into Units and FT Units. Each Unit will consist of one (1) common share of the Resulting Issuer and one-half (1/2) of one share purchase warrant, with a whole warrant (each, a "Warrant") exercisable to purchase one (1) common share (a "Warrant Share") of the Resulting Issuer at an exercise price equal to \$0.50 at any time up to 24 months from the date of Sub Receipt Closing (as defined herein). Each FT Unit will consist of one (1) common share of the Resulting Issuer, which shall, for the purposes of the *Income Tax Act* (Canada), be designated as a "flow through share", and one-half (1/2) of one Warrant.

On closing of the Offering (the "Sub Receipt Closing"), the gross proceeds of the Offering less the expenses of the Agent shall be placed in escrow with a Canadian trust company or other entity acceptable to Lida, Continental and the Agent, to be held in escrow and released either: (i) to the Resulting Issuer (other than the Agent's commissions and other fees, which shall be released to the Agent) on satisfaction of the Release Conditions; or (ii) to the holders of the Sub Receipts without any deductions in the event the Release Conditions have not been satisfied by December 31, 2022, or if prior to such date Lida or Continental advises the Agent that it does not intend to satisfy the Release Conditions. In the latter case, the Sub Receipts will be cancelled on return of subscription funds to Sub Receipt investors. Continental will be solely responsible and liable to the holders of Sub Receipts and FT Sub Receipts for any shortfall between the aggregate price of the Sub Receipts and the funds in escrow.

In connection with the Offering, on satisfaction of the Release Conditions, Continental has agreed to pay (i) a

cash commission of six percent (6%) on the gross proceeds of the Offering (excluding from the investors introduced by Continental) and (ii) an advisory fee of two percent (2%) of the gross proceeds of the Offering to the Agent on satisfaction of the Release Conditions. As an additional consideration, the Agent will be granted, on the Sub Receipt Closing, non-transferable (i) compensation options (the "Agent Options") equal to six percent (6%) of the number of Sub Receipts issued under the Offering (excluding from the investors introduced by Continental) and (ii) advisory options (together with the Agent Options, the "Compensation Options") equal to an aggregate of two percent (2%) of the number of Sub Receipts issued under the Offering. On completion of the Proposed Transaction, each Compensation Option will be exchanged into a compensation option of the Resulting Issuer and will be exercisable into one Unit at the Subscription Price for a period of 24 months following the date of satisfaction of the Release Conditions. The parties have also agreed to pay the Agent a work fee of \$25,000 plus GST (on satisfaction of the Release Conditions) and will pay certain expenses of the Agent.

The Resulting Issuer intends to use the net proceeds from the Offering to pay for expenses incurred in connection with the Proposed Transaction, to complete a work program on the Property (as defined herein), for working capital and general corporate purposes.

#### **About Continental Potash Corp.**

Continental is a private corporation existing under the laws of British Columbia. Continental holds an option to acquire up to a 100% interest in certain rights, title and interests from Buffalo Potash Corporation (previously defined as "Buffalo") (subject to certain royalties) in the Disley Prospect Area located 50 km NW of Regina, Saskatchewan and 215 km SE of Saskatoon, Saskatchewan. (the "Property"), pursuant to an option agreement (the "Option Agreement") with Buffalo. The location of the historical Lumsden Potash site and the Property is located in south-central Saskatchewan, south-southeast of the Bethune, S.K. and northwest from Disley, S.K. In terms of the provincial mineral disposition, Buffalo obtained a new disposition number from the Crown Mineral Land Sale, referred to as SMP199. Currently work is in progress to obtain additional freehold areas within the SMP199 disposition in addition to the land acquired from the Crown Mineral Land Sale.

Continental is also in the process of completing a National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") compliant technical report in respect of Property. The scientific and technical information contained in this news release about the Property has been reviewed and approved by Jared Galenzoski, P. Geo, who is a "Qualified Person" as defined in NI 43-101.

ON BEHALF OF THE BOARD OF DIRECTORS, Lida Resources Inc

"Anthony Zelen"  
Anthony Zelen, Interim CEO

*The Canadian Securities Exchange has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.*

#### **Cautionary Statement**

*Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to, exchange acceptance and shareholder approval. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular, filing statement or similar disclosure document to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.*

#### **Forward-Looking Statements**

*This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimate 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." Readers are cautioned not to place undue reliance on forward-looking statements. Statements about, among other things, the expected timing and terms of the Proposed Transaction, the parties' ability to obtain exchange and shareholder approvals, the Company's strategic plans and the parties' ability to satisfy closing conditions and receive necessary approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Proposed Transaction will occur or that, if the Proposed Transaction does occur, it will be completed on the terms described above. Forward-looking statements 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.*

*The forward-looking information contained in this news release represents the expectations of Lida as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While Lida may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.*

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