

St Charles Resources Inc. Announces Definitive Agreement For Qualifying Transaction With Eastern Resources OOD

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TORONTO, Feb. 01, 2023 - [St Charles Resources Inc.](#) ("St Charles" or the "Company") is pleased to announce that, further to its news release of September 8, 2022, the Company has entered into a business combination agreement (the "Business Combination Agreement") dated January 31, 2023 with Eastern Resources OOD ("Eastern Resources"), Eastern Resources (UK) Ltd., a wholly-owned subsidiary of the Company incorporated under the laws of England to give effect to the Proposed Transaction (as defined below), ("St Charles UK Subsidiary") and the shareholders of Eastern Resources (the "Eastern Resources Shareholders", and together with the Company, Eastern Resources and St Charles UK Subsidiary, the "Parties"). The Business Combination Agreement is in respect of a proposed business combination transaction pursuant to which the Company, through St Charles UK Subsidiary, will acquire all of the issued and outstanding securities of Eastern Resources (the "Proposed Transaction").

It is anticipated that the Proposed Transaction will constitute the Company's "Qualifying Transaction" as defined in and in accordance with Policy 2.4 - Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the "TSXV"). All currency references herein are in Canadian currency unless otherwise specified. The Company following the completion of the Proposed Transaction is referred to as the "Resulting Issuer".

About Eastern Resources

Eastern Resources is a private gold exploration company incorporated under the laws of Bulgaria with its head office located in Sofia, Bulgaria. At the time of closing of the Proposed Transaction, the capital of Eastern Resources will consist of 35 issued and outstanding common shares (the "Eastern Resources Shares"). Eastern Resources is and has been since incorporation focused on mineral exploration projects in Bulgaria. Eastern Resources' material mineral and exploration projects consist of the Kostilkovo gold property ("Kostilkovo Gold Project") and the Kutel gold property ("Kutel Gold Project").

Eastern Resources has four shareholders: Seefin Capital OOD, as represented by Mr. Sean Hasson, Balkan Mineral & Discovery EOOD, as represented by Mr. Danko Zhelev, GEOPS-Bolkan Drilling Services EOOD, as represented by Mr. Vasil Andreev and Dundee Resources Limited a wholly owned subsidiary of Dundee Corporation.

Eastern Resources controls 100% of two quality epithermal gold projects located in the Bulgarian portion of the Western Tethyan Belt: the Kutel Gold Project and the Kostilkovo Gold Project. Management of Eastern Resources believes that its assets show potential for high-grade, good-metallurgy and low-sulfidation epithermal gold mineralisation.

The business of the Resulting Issuer will be primarily focused on the exploration of the Kutel Gold Project, the Kostilkovo Gold Project, and acquisition of additional properties in line with its focused exploration strategy.

Summary of the Proposed Transaction

Pursuant to the terms of the Business Combination Agreement, St Charles UK Subsidiary has agreed to purchase all of the issued and outstanding securities of Eastern Resources from the Eastern Resources Shareholders in exchange for the issuance of 952,380 Resulting Issuer common shares (the "Resulting Issuer Shares") for every one (1) Eastern Resources Share (as defined below) held by each Eastern

Resources Shareholder. Eastern Resources Shareholders will receive, in the aggregate, 33,333,300 Resulting Issuer Shares, representing 54.92% of the issued and outstanding capital of the Resulting Issuer, on a non-diluted basis. The purchase price payable by St Charles, on behalf of St Charles UK Subsidiary, to the Eastern Resources Shareholders will be deemed to equal approximately \$95,238 per Eastern Resources Share so acquired by St Charles UK Subsidiary, for an aggregate purchase price of \$3,333,330. The Business Combination is intended to constitute a Qualifying Transaction, such that upon completion, Eastern Resources will be indirectly held by the Resulting Issuer through St Charles UK Subsidiary.

It is intended that immediately following the completion of the foregoing steps, an aggregate of approximately 60,693,300 Resulting Issuer Shares will be issued and outstanding. The Proposed Transaction, as currently anticipated, will not be subject to approval of the securityholders of the Company. No concurrent financing is anticipated to occur in connection with the Proposed Transaction. It is currently expected that the Resulting Issuer will continue to operate under the name "[St Charles Resources Inc.](#)".

The following table sets out the expected share capital of the Resulting Issuer on a non-diluted basis after giving effect to the Proposed Transaction:

Category of Security	Number	Percentage
Resulting Issuer Shares held by former St Charles Shareholders	27,360,000	45.00%
Resulting Issuer Shares issued to former Eastern Resources Shareholders pursuant to the Business Combination Agreement	33,333,300	54.92%
Total Resulting Issuer Shares	60,693,300	100.00%

The Resulting Issuer Shares to be issued pursuant to the Proposed Transaction will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation. Certain Resulting Issuer Shares to be issued pursuant to the Proposed Transaction are expected to be subject to restrictions on escrow under the policies of the TSXV, including the securities to be issued to "Principals" (as defined under TSXV policies), which will be subject to the escrow requirements of the TSXV.

Completion of the Proposed Transaction is conditional upon, among other standard conditions for a transaction of this nature: (i) completion of two NI 43-101 compliant technical reports in respect of the Kutel Gold Project and the Kostilkovo Gold Project that are acceptable to the TSXV and the Company; (ii) the delivery of audited and pro forma financial statements of Eastern Resources and St Charles that are compliant with TSXV policies; (iii) Eastern Resources delivering a title opinion for each of the Kutel Gold Project and the Kostilkovo Gold Project; (iv) receipt of all required consents and approvals for the Proposed Transaction and the Business Combination Agreement; (v) Eastern Resources delivering a sponsor report satisfactory to the TSXV; (vi) if required by the TSXV, Eastern Resources delivering an independent valuation satisfactory to the TSXV; (vii) the TSXV approving the Kostilkovo Gold technical report and the Kutel Gold technical report; (viii) the TSXV providing its conditional approval for the Proposed Transaction; and (ix) no material adverse changes occurring in respect of either the Company, St Charles UK Subsidiary or Eastern Resources.

There can be no assurance that all of the necessary regulatory and third party approvals will be obtained or that all conditions of closing will be met.

Upon closing of the Proposed Transaction, it is anticipated that the Resulting Issuer will be listed as a Tier 2 mining issuer on the TSXV, with Eastern Resources as the Company's primary operating subsidiary.

Summary of Proposed Directors and Officers of the Resulting Issuer

Subject to TSXV approval, the proposed board of directors of the Resulting Issuer will be reconstituted to consist of six (6) directors, which includes James Crombie, an existing director and officer of the Company. Accordingly, all other existing directors and officers of the Company will resign upon the closing of the Proposed Transaction.

In addition to the proposed directors and officers of the Resulting Issuer disclosed in the Company's news release dated September 8, 2022, it is expected that Vanessa Cook will be appointed to the board of the Resulting Issuer at or immediately following the closing of the Proposed Transaction.

Ms. Vanessa Cook, Independent Director (Toronto, Canada)

Ms. Vanessa Cook is a CPA, CA with over 22 years of business experience in accounting and finance. Ms. Cook graduated from Dalhousie University with a Bachelor of Commerce degree. Since then, she has worked with a variety of public and private companies in the mining, insurance, risk consulting, and technology industries, which have included the roles of Controller, Director of Finance, and Vice President of Finance. Ms. Cook spent nine years combined in financial reporting at Dundee Precious Metals and Corsa Coal. She is currently the Vice President of Finance at PomeGran Inc., a private broadband internet service provider.

Filing Statement

In connection with the Proposed Transaction and pursuant to the requirements of the TSXV, the Company intends on filing a filing statement on its issuer profile on SEDAR (www.sedar.com), which will contain relevant details relating to the Proposed Transaction, the Company, Eastern Resources and the Resulting Issuer.

Trading Halt

Trading of the Company's common shares has been halted as a result of the announcement of the Proposed Transaction and the Company expects that trading will remain halted pending closing of the Proposed Transaction.

Other information relating to the Proposed Transaction

The Proposed Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" within the meaning of Policy 2.4 of the TSXV. The Proposed Transaction is not a "related party transaction" as such term is defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* and is not subject to Policy 5.9 of the TSXV.

In connection with the Proposed Transaction, McMillan LLP is acting as legal counsel to the Company and Fasken Martineau DuMoulin LLP is acting as legal counsel to Eastern Resources.

Additional information concerning the Proposed Transaction, the Company, Eastern Resources and the Resulting Issuer is contained in the Company's news release dated September 8, 2022 and will be contained in the filing statement to be filed by the Company in connection with the Proposed Transaction, which will be available in due course under the Company's SEDAR profile.

About St Charles Resources Inc.

[St Charles Resources Inc.](#) is designated as a Capital Pool Company under TSXV Policy 2.4. The Company has not commenced commercial operations and has no assets other than cash. The Company's objective is to identify and evaluate businesses or assets with a view to completing a "Qualifying Transaction" as defined in and in accordance with Policy 2.4 - Capital Pool Companies of the Corporate Finance Manual of the TSXV. Any proposed Qualifying Transaction must be approved by the TSXV and, in the case of a non-arm's length Qualifying Transaction, must also receive majority approval of the minority shareholders. Until the completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

For further information regarding the Company and the Proposed Transaction, please contact James Crombie, President, Chief Executive Officer and Director of the Company, at 514-825-4222.

For further information regarding Eastern Resources and the Proposed Transaction, please contact Sean

Hasson, at +359 2 989 2361.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. 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 or filing statement 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 a capital pool company should be considered highly speculative.

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

iA Capital Markets, subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.

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.

Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "intends", or "believes", or variations (including negative and grammatical variations) of such words and phrases or state that certain acts, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information in this press release may include, without limitation, statements relating to: the completion of the Proposed Transaction and the timing thereof, the proposed business of the Resulting Issuer, references to the potential of the Kutel Gold Project and the Kostilkovo Gold Project, the completion of NI 43-101 technical reports, the proposed directors and officers of the Resulting Issuer, completion of satisfactory due diligence, TSXV sponsorship requirements, shareholder and regulatory approvals, and future press releases and disclosure.

These statements are based upon assumptions that are subject to significant risks and uncertainties, including risks regarding the mining industry, commodity prices, market conditions, general economic factors, management's ability to manage and to operate the business, and explore and develop the projects of the Resulting Issuer, and the equity markets generally. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance of each of the Company and Eastern Resources may differ materially from those anticipated and indicated by these forward-looking statements. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although each of the Company and Eastern Resources believes that the expectations reflected in forward looking statements are reasonable, they can give no assurances that the expectations of any forward-looking statements will prove to be correct. Except as required by law, each of the Company and Eastern Resources disclaims any intention and assume no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

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