

Luca Mining Corp. Announces an all-in \$33M Financing Package

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VANCOUVER, MARCH 31, 2023 - [Luca Mining Corp.](#) (the “Company” or “Luca”, formerly Altaley Mining Corporation) is pleased to announce an overall financing package of up to CAD \$33,200,000 (the “Financing Package”) in place of the previously proposed rights offering (the “Rights Offering”) (see the Company’s news release dated December 6, 2022). The Financing Package is comprised of a private placement and two strategic debt settlements, as described below.

Financing Highlights

- Strengthening the Company’s balance sheet through a strategic debt conversion of approximately CAD\$8,000,000 with its offtake partner Trafigura, and CAD\$4,900,000 with its lead investor Calu Opportunity Fund, LP.
- Private placement, to raise gross proceeds of up to approximately CAD \$20.3 million
- Net proceeds will allow the Company to complete construction of its Tahuehueto phase 1 goal of 500 tonnes per day by Q2 2023 and anticipates construction of the 1,000 tpd project before the end of 2023.

Financing Package

The Company will not be proceeding with its previously announced Rights Offering due to significant interest in an equity raise by way of private placement at a higher price than it would have been able to conduct the Rights Offering. Accordingly, the Company has arranged a strategic debt conversion with its offtake partner Trafigura De Mexico, S.A. de C.V. (“Trafigura”) in the amount of US\$5,800,000 (approximately CAD \$8,000,000) and concurrently has arranged an additional financing (the “Financing”), comprised of a private placement and debt settlement, to raise gross proceeds of up to approximately CAD \$25.2 million (of which \$4.9M (the “Initial Advance”) has been advanced and deployed by the Company), for its 100% owned Tahuehueto Gold project and for working capital purposes. Net proceeds will allow the Company to complete construction of its Tahuehueto phase 1 goal of 500 tonnes per day (“tpd”) and make substantial progress on construction towards completion of phase 2, at 1000 tpd. The Company anticipates that the additional capital achieved from Tahuehueto preproduction revenues will allow the Company to complete construction of the 1,000 tpd project before the end of 2023.

The Company has received significant support in the Financing from Calu Opportunity Fund, LP (“Calu”), which is a lender to the Company and was the proposed stand-by guarantor under the planned Rights Offering (discussed above). Calu advanced CAD \$9,180,000 (the “Total Advance”) to the Company under the Rights Offering guarantee, of which the Company has spent the Initial Advance of CAD \$4,900,000 over recent months to continue the construction of the Tahuehueto Mine. Accordingly, Calu has graciously agreed to convert the Initial Advance plus invest an additional estimated amount of CAD \$5,250,000 and become the lead investor in the Financing. In accordance with the policies of the TSXV as the Initial Advance has already been spent on operations by the Company, that amount of the Financing must be processed as a debt settlement (the “Debt Settlement”) which will be completed on the same terms as the Private Placement described below, and together with the Private Placement comprises the Financing.

Pursuant to the Private Placement, the Company intends to sell up to 58,000,000 units from treasury (the “Units”) at a price of CAD \$0.35 per Unit for aggregate gross proceeds of up to CAD \$20,300,000. The Company reserves the right to oversubscribe the Private Placement by 20%, pursuant to which the Company may sell an additional 11,600,000 Units for gross proceeds of up to CAD \$4,060,000 should there be significant additional demand.

Each Unit shall consist of one common share of the Company (a “Unit Share”) and one-half of one transferable share purchase warrant (each whole warrant, a “Warrant”). Each Warrant shall entitle the holder thereof to acquire one additional common share (a “Warrant Share”) at a price of CAD \$0.50 per Warrant Share for a period ending two (2) years (the “Expiry Date”) following the closing of the Private Placement (the “Closing Date”), subject to an acceleration clause.

If, at any time between the Closing Date and the Expiry Date, the closing price of the Company's common shares ("Shares") on the TSXV exceeds \$0.90 for 15 consecutive trading days, then the Company will earn the right, by providing notice (the "Acceleration Notice") to the Warrant holder via a news release, to accelerate the Expiry Date of the Warrants to that date which is 30 days from the date of the Acceleration Notice (the "Accelerated Expiry Date"). In such instance, all Warrants that are not exercised prior to the Accelerated Expiry Date will expire on the Accelerated Expiry Date.

The Company expects Calu to subscribe for an estimated amount of CAD \$5,250,000 (15,000,000 Units, the "Calu PP Investment") which together with the Debt Settlement of 14,000,000 Debt Settlement units (the "DS Units") having the same terms as the above Private Placement Units, represents an overall \$10,150,000 investment in the Company by Calu.

The completion of the Calu PP Investment and Debt Settlement, together with the previously announced debt settlement between the Company and Calu, would result in Calu becoming the Company's Control Person, holding approximately 33% of the Company's then outstanding Shares, on an undiluted basis.

Trafigura Debt Conversion & Loan Waivers

Concurrently with the Financing the Company has agreed with Trafigura to waivers on loans existing under three loan agreements in place for both the Campo Morado and Tahuehueto subsidiaries. The remaining balances for the loans (prior to the above debt conversion) to Campo Morado are CAD \$6.7 million, and that for Tahuehueto is CAD \$17.2m. The agreed terms for the waivers are as follows:

- A waiver of 12 months (commencing November 30th, 2022) for the Tahuehueto loan
- A waiver of 6 months (commencing November 30th, 2022) for the Campo Morado loans

Trafigura has also agreed to convert US \$5.8 million of the outstanding loans (approximately CAD \$8 million) into common shares at CAD \$0.35 per share plus 6,750,000 non-transferable share purchase warrants (the "Trafigura Warrants") and entered into amending agreements in respect of its outstanding loans. Each Trafigura Warrant will be exercisable into one common share of the Company at a price of CAD \$0.43 per share for a period ending three (3) years from their date of issue. Pursuant to the amending agreements, the overall loan amount outstanding will decrease from approximately US \$17 million to approximately US \$11 million. As per the above, Trafigura has agreed to waive principal payments for the Real de la Bufa (Tahuehueto) loan to November 2023, and the Campo Morado loans to May 2023. The Company expects to finalize documentation with Trafigura upon closing of the Private Placement.

Messages from CEO

Mike Struthers, CEO of Luca Mining, stated: "This is a transformational period for the Company. The Financing Package is a major step in the Company's restructuring, combining the conversion of significant debt and infusion of substantial new capital, which on closing will result in a major improvement to the Company's balance sheet. Strong financial backing, taking further steps to restructure the balance sheet, the name change, and adding additional strength to the board over the coming months, are all important elements towards making 2023 a very successful year for Luca Mining.

We are particularly grateful to Calu and Trafigura for continuing to work with us to progress the completion of the Tahuehueto Mine. We believe their decision to convert a sizeable portion of their loans into equity, which will result in Calu and Trafigura becoming the two largest shareholders, demonstrates their confidence in management and Luca Mining's development and growth plans. The Company has offtake agreements in place with Trafigura for concentrate from both the Campo Morado and Tahuehueto mines. Tahuehueto will achieve crucial milestones this year, and we also expect our existing operation at Campo Morado to have a strong performance in 2023. The support of existing and new investors is vital to making all this happen."

All securities issued in connection with the Financing Package will be subject to a four month plus one day hold period under applicable Canadian securities laws. The Financing Package is subject to the approval of the TSXV.

Certain insiders of the Company are expected to participate in the Financing. This participation by insiders in the Financing constitutes a related party transaction as defined under Multilateral Instrument 61-101 -- Protection of Minority Security Holders in Special Transactions. However, the Company considers such participation would be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101, as the fair market value of the Units subscribed for by the insiders and the consideration for the Units paid by such insiders, would not exceed 25 per cent of the Company's market capitalization.

The Private Placement will be available to existing securityholders of the Company utilizing BC Instrument 45-534 - Exemption from Prospectus Requirements for Certain Trades to Existing Securityholders and other provincial equivalents (collectively, the "Existing Security Holder Exemptions"). The Company will make the Private Placement available to all shareholders of the Company as of March 31, 2023 (the "Record Date") who are eligible to participate under the Existing Security Holder Exemptions and who have notified the Company of their intention to participate in the Private Placement. The Existing Security Holder Exemptions limit a shareholder to a maximum investment of \$15,000 unless the shareholder certifies in the subscription agreement that they have obtained advice regarding the suitability of the investment from a registered investment dealer or otherwise qualifies to rely on another private placement exemption.

In the subscription agreement, shareholders will be required to certify that, on or before the Record Date, they acquired and held, Shares. Each existing shareholder on the Record Date will be entitled to purchase Shares which will be allocated by the Company on a first come, first served basis such that it is possible that a subscription received from a shareholder may not be accepted by the Company if the Private Placement is over-subscribed. Any person who becomes a shareholder of the Company after the Record Date shall not be entitled to participate in the Private Placement under the Existing Security Holder Exemptions.

In connection with the Private Placement, the Company intends to pay finders' fees (the "Finders' Fees") in cash and securities, as permitted by TSXV policy and applicable securities laws. It is expected the Finder's Fees will be paid in cash equal to 6% of the proceeds plus Warrants equal to 6% of the number of Units placed by the applicable finder.

About Luca Mining Corp.

Luca Mining Corp. is a Canadian based mining company with two 100% owned Mexican gold, silver, and base metal mining projects.

Luca's Tahuehueto Gold Mine Project is in north-western Durango State, Mexico where construction of an initial 500 tonnes per day ("tpd") operation is well advanced. The second stage, the 1000 tpd project, will follow immediately after commissioning the initial stage. The operation is generating gold, silver, lead and zinc in concentrates.

Campo Morado is an operating polymetallic base and precious metals mine currently producing at an average of 2,400 tpd, generating zinc and copper concentrates with significant precious metals credits. Visit: www.lucamining.com

On Behalf of the Board of Directors

(signed) Mike Struthers
Mike Struthers, CEO and Director

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that Luca (then Altaley Mining Corporation) declared commercial production at Campo Morado and elected to initiate construction to go into production at Tahuehueto prior to completing full feasibility studies demonstrating economic and technical viability. Accordingly, readers should be cautioned that Luca's production decisions have been made without comprehensive feasibility studies of established reserves at Campo Morado and prefeasibility level reserves at Tahuehueto, such that there is greater risk and uncertainty as to future economic results from the Campo Morado mine and at Tahuehueto mine where reserves are established to the prefeasibility level of confidence and therefore a higher technical risk of failure than would be the case if full feasibility studies were completed and relied upon to make production decisions. Luca has completed a preliminary economic assessment ("PEA") mining study on the Campo Morado mine and a prefeasibility study ("PFS") at Tahuehueto mine that provides a conceptual life of mine plan and a preliminary economic analysis based on the previously identified mineral resources (see News Release dated November 8, 2017, April 4, 2018, and April 25, 2022).

Statements contained in this news release that are not historical facts are "forward-looking information" or "forward-looking statements" (collectively, "Forward-Looking Information") within the meaning of applicable Canadian securities laws. Forward-Looking Information includes but is not limited to conditions or financial performance that are based on assumptions about future economic conditions and courses of action; the timing and costs of future activities on the Company's properties, such as production rates and increases; success of exploration, development and bulk sample processing activities, and timing for processing at its

own mineral processing facility on the Tahuehueto project site. In certain cases, Forward-Looking Information can be identified using words and phrases such as "plans," "expects," "scheduled," "estimates," "forecasts," "intends," "anticipates" or variations of such words and phrases. In preparing the Forward-Looking Information in this news release, the Company has applied several material assumptions, including, but not limited to, that the current exploration, development, environmental and other objectives concerning the Campo Morado Mine and the Tahuehueto Project can be achieved: the continuity of the price of gold and other metals, economic and political conditions, and operations. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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.

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