

Lancaster Resources to Spin-Off Nelson Lake Copper Corp. through Plan of Arrangement

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[Lancaster Resources Inc.](#) (CSE:LCR | OTCQB:LANRF | FRA:6UF0) ("Lancaster" or the "Company") is pleased to announce that further to the Spin-Off Agreement announced on January 2, 2024, the Company has entered into an arrangement agreement dated January 29, 2024 (the "Arrangement Agreement") which outlines the terms and procedures for a plan of arrangement with its wholly owned subsidiary [Nelson Lake Copper Corp.](#) ("Nelson Lake") whereby the Company intends to spin off the majority of its holdings in Nelson Lake by issuing a stock dividend of Nelson Lake common shares to Lancaster shareholders.

The transaction will be carried out by way of a statutory plan of arrangement (the "Spin-Off") pursuant to the Business Corporations Act (British Columbia). Through the Spin-Off, shareholders of the Company will receive a stock dividend of Nelson Lake shares at a ratio of 0.02 Nelson Lake Shares for every Lancaster share owned (the "Stock Dividend") as of the record date of February 5, 2023 (the "Record Date").

There will be no change in Lancaster securityholders' ownership in Lancaster securities as a result of the Spin-Off. Holders of warrants, options, or other convertible securities in Lancaster will not be entitled to receive the Stock Dividend. Only holders of common shares of Lancaster as of the Record Date will be eligible to receive the Stock Dividend.

The proposed Spin-Off will be subject to the terms of the Arrangement Agreement and the approval of Lancaster shareholders at an annual general and special meeting of shareholders on March 15, 2023 (the "Meeting"). The Spin-Off will also require the approval of the British Columbia Supreme Court. Full details of the Spin-Off, Nelson Lake, and the Nelson Lake Copper Project will be included in an information circular which will be distributed to Lancaster shareholders in advance of the Meeting.

Following the Spin-Off, Nelson Lake will be an unlisted reporting issuer in British Columbia, Alberta, and Saskatchewan and will seek to raise financing and look for potential merger or acquisition targets to strengthen its business and potentially seek a listing on a stock exchange. Immediately after the Spin-Off, the Company will continue to own approximately 750,000 shares of Nelson Lake, which will be approximately 43% of the outstanding shares of Nelson Lake.

Alkali Flat Lithium Brine Project

The Alkali Flat Lithium Brine Project, being the Company's main focus, has made significant progress in identifying optimal drilling locations. Through the meticulous interpretation of magnetotelluric data, Lancaster's experts have pinpointed target areas for drilling, which are expected to yield concentrated lithium brines. These preliminary sites were chosen based on two highly conductive features discovered in a magnetotellurics survey. The Company expects to complete its first exploratory well in this project this spring, with the first test results on lithium brine concentration expected to be available in early April 2024. Lancaster has been engaged in discussions with companies who own various lithium extraction (DLE) technologies to provide them with brine samples to determine economic models for using DLE as an extraction method at the Alkali Flat project in New Mexico.

CEO's Statement:

"We are always looking for innovative ways to deliver value to our shareholders. The Spin-Off aims to enhance shareholder value, offering stakes in two potentially growing sectors. Shareholders will retain all of their Lancaster Shares and receive a stock dividend consisting of Nelson Lake Shares, allowing shareholders to benefit from successes and value appreciation in both companies," says Lancaster's CEO and President Penny White.

Plan of Arrangement Details

Pursuant to the Arrangement Agreement, the parties have agreed to a Plan of Arrangement whereby Lancaster will issue 550,000 Lancaster common shares with a deemed value of \$0.06 each to Nelson Lake

in exchange for 1,650,000 Nelson Lake shares at a deemed value of \$0.02 each. Approximately 1,000,000 common shares of Nelson Lake (the "Dividend Shares") will be distributed to Lancaster shareholders at the Transaction's closing. Currently, there are 100,000 common shares outstanding in Nelson Lake which were issued to Lancaster Resources for nominal consideration as founders' shares on December 15, 2023. Besides issuing 300,000 options to its directors and officers, Nelson Lake has not issued any convertible securities.

At the Meeting, Lancaster shareholders will be asked, among other things, to consider and to vote to approve a special resolution to approve the plan of arrangement (the "Arrangement Resolution"). To be effective, the Arrangement Resolution must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Lancaster shareholders present in person or represented by proxy at the Meeting on the basis of one vote per Lancaster share.

A shareholder meeting to vote on the Transaction will occur on March 15, 2023 (the "Meeting"). The record date to determine entitlement to receive Dividend Shares and the right to vote at the Meeting is February 5, 2024 (the "Record Date"). Holders of Lancaster shares as of February 5, 2024, will be eligible to receive Dividend Shares at a distribution ratio of one Dividend Share for every 50 Lancaster common shares held. The ex-dividend date will be on February 1, 2024, so shares in Lancaster purchased in the market after the close of trading on January 30, 2024 (to allow 2 days to settle electronic trades), will not be eligible to receive Dividend Shares or to vote at the Meeting.

The Lancaster Board of Directors reserves the right to terminate the Arrangement Agreement and withdraw the Plan of Arrangement at any point, whether before or after the Meeting, and regardless of whether the Final Order has been granted, without requiring additional approval from the Lancaster Shareholders.

The Spin-Off will not affect the shareholdings of Lancaster common shares and there will be no change in the corporate structure of Lancaster. Lancaster Shareholders holding shares as of the Record Date will receive shares in Nelson Lake Copper Corp. in addition to shares held in Lancaster.

Completion of the Spin-Off is expected to occur on or about March 22, 2024; however, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis.

Andrew Watson, PEng, a qualified person for the purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects, has reviewed and approved the scientific and technical information contained in this news release. Mr. Watson is the Company's VP, Engineering and Operations.

About Lancaster Resources Inc.

Lancaster Resources (CSE:LCR | OTCQB:LANRF | FRA:6UF0) is engaged in exploring critical metals to take advantage of the global shift towards decarbonization and electrification. Lancaster has rights to acquire 100% of the Alkali Flat Lithium Brine Project, near Lordsburg, New Mexico, USA, a set of claims approximately 5,200 acres (8.1 square miles) in size that Lancaster is exploring for concentrated sub-surface lithium brine deposits. Lancaster's vision is to produce Net Zero Lithium using direct lithium extraction technology powered by solar or geothermal energy.

Lancaster holds the rights to a 100% interest in the Trans-Taiga Lithium Property located within the James Bay lithium district of Quebec and lying on the same geological trend as significant lithium discoveries, including Patriot Metals' Corvette Property. Similarities of the Trans-Taiga Lithium Project to the Corvette Property do not guarantee exploration success at the Trans-Taiga Lithium Project. Lancaster's wholly owned subsidiary Nelson Lake Copper Corp., owns the Nelson Lake Copper property in Saskatchewan, Canada. Guiding Lancaster Resources' journey is a skilled management and technical team with collective involvement in over 15 commercial mineral discoveries and endowed with extensive experience in the creation of lithium brine targets and the exploration and development of Lithium projects across Canada, the American West, Mexico, and South America.

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Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or Lancaster's future performance. The use of any of the words "could," "expect," "believe," "will," "projected," "estimated," and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Lancaster's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, the ability of Lancaster to enter into an Arrangement Agreement and meet the other conditions precedent of the Spin-Off Agreement, the ability of Lancaster to execute its exploration plans, obtain exploration and drilling permits, raise capital, retain key personnel, identify, acquire, explore, and develop high-quality mineral-rich properties, and integrate sustainable energy sources and innovative technologies for climate-positive resource production constitute forward-looking information. Actual results and developments may differ materially from those contemplated by forward-looking information.

Readers are cautioned not to place undue reliance on forward-looking information. The statements made in this press release are made as of the date hereof. Lancaster disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as may be expressly required by applicable securities laws.

The Canadian Securities Exchange has not reviewed, approved or disapproved the contents of this news release.

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