

# First Phosphate Announces Closing of Oversubscribed Private Placement

Toronto, Ontario--(Newsfile Corp. - December 27, 2022) - First Phosphate Corp. ("**First Phosphate**" or the "**Company**") is pleased to announce the closing of its previously announced non-brokered private placement financing (the "**Offering**") of shares in the capital of the Company (the "**Shares**").

The Offering was oversubscribed for gross proceeds of \$2,345,377. As a result, the company issued 4,333,078 HD Units (as defined in the in the Company's news release dated November 28, 2022) and 2,072,000 FT Units (as defined in the in the Company's news release dated November 28, 2022).

The Offering was led by the Company's management, board of directors, chief geologist and business associates, who subscribed for a total of 978,342 HD Units and 617,000 FT Units for gross proceeds of \$589,220.

The proceeds of the Offering are expected to be used for general working capital purposes and for exploration activities. All Shares issued in connection with the Offering are subject to a statutory four month and one day hold period. Furthermore, the Shares issued pursuant to the Offering are subject to a contractual lock-up with a release schedule over 12 months following the Company's Shares being listed for trading on a stock exchange.

In connection with the Offering, the Company paid \$79,440 in finder's fees and issued 207,057 warrants ("**Compensation Warrants**"). The Compensation Warrants are exercisable at a price of \$0.50 per Share until December 31, 2025.

## Stock Options Update

The Company also announces today that it has approved the grant of 3,150,000 stock options to purchase common shares of the Company (the "**Options**") to certain eligible persons of the Company, at an exercise price of \$0.35 per share, with an expiry date of three years from the date on which the Company's shares commence trading on a stock exchange in Canada (the "**Listing**"). The Options are subject to time-based vesting such that 25% vests immediately upon the Listing, with increments of 25% vesting every 6 months thereafter. The terms of the Options granted are in accordance with the Company's stock option plan approved by shareholders of the Company on August 25, 2022. All securities issued are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

## Shares for Debt Settlement

The Company settled \$94,500 of amounts owing to an arm's length creditor for 100,000 Shares, which are subject to a statutory four month and one day hold period.

## Related Party Transaction

Certain directors, officers and other insiders of the Company ("**Interested Parties**") purchased or acquired direction or control over a total of 617,214 Shares and 269,357 warrants as part of the Offering. The placement to those persons constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). Notwithstanding the foregoing, the Company has relied on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 under sections 5.5(a) and 5.7(1) (a) of MI 61-101 as the fair market value of the Shares being purchased will not exceed 25% of the Company's market capitalization. The Company did not file a material change report related to the Offering more than 21 days before the expected closing of the Offering as required by MI 61-101 as the Company requires the consideration received in connection with the Offering immediately for working

capital purposes.

## Early Warning Reports

John Passalacqua will file an early warning report in accordance with National Instrument 62-104 Take-Over Bids and Issuer Bids and National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues. Shpirtrat Trust, of which Mr. John Passalacqua is a trustee, acquired 115,000 Shares HD Units at a price of \$0.35 per HD Unit for the total price of \$40,250 pursuant to the Offering. A company owned and controlled by Mr. Passalacqua was also granted 600,000 Options. Prior to the acquisition, Mr. Passalacqua owned and controlled a total of 8,258,395 Shares, which represented approximately 24.16% of the then outstanding Shares. Subsequent to the acquisition, Mr. Passalacqua owns and controls a total of 8,373,395 Shares, 57,500 Warrants and 1,200,000 Options, representing approximately 19.72% of the outstanding Shares on an undiluted basis and 22.02% on a partially diluted basis, assuming the exercise of the 57,500 Warrants and 1,200,000 Options he holds.

The Insiders' participation in the Offering was completed for investment purposes. In the future, the Insiders will evaluate their investment in the Company from time to time and may, based on such evaluation, market conditions and other circumstances, increase or decrease their shareholdings as circumstances require through market transactions, private agreements, or otherwise. A copy of the early warning reports may be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile or by contacting the Company at (416) 200-0657.

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## For additional information, please contact:

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## About First Phosphate Corp.

First Phosphate is a mineral exploration and development company fully dedicated to extracting and refining advanced phosphate material for the Lithium Iron Phosphate ("LFP") Battery industry. First Phosphate is committed to producing at high purity level, at full ESG standard and with low anticipated carbon footprint. First Phosphate plans to integrate directly into the research & development and supply chain functions of major North American LFP Battery producers that require battery grade phosphate material that emanates from a consistent and secure supply source. First Phosphate holds over 1,500 sq. km of total land claims in the Saguenay Region of Quebec, Canada that it is actively developing. First Phosphate properties consist of rare anorthosite igneous rock formation that generally yields high purity phosphate concentrate devoid of high concentrations of deleterious heavy metals.

## Forward-Looking Information and Cautionary Statements

*Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include statements relating to: the anticipated timing of the closing of the Offering; and the anticipated*

*use of proceeds from the Offering; the receipt of required approvals.*

*These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the Company's inability to complete the additional tranches Offering and/or utilize the use of proceeds on the terms and within the timelines anticipated or at all; and the Company's inability to obtain the required approvals to complete the additional tranches Offering on the proposed terms and timeline or at all.*

*Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.*

*Forward-looking statements contained in this press release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.*



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/149505>