

Lancaster Resources Announces Completion of Reverse Takeover Transaction with Lancaster Lithium

Vancouver, British Columbia – June 9, 2023: Lancaster Resources Inc. (formerly, NeonMind Biosciences Inc.) (CSE:NEON) (OTC Pink: NBDBF) (FRA:6UF) (“Lancaster” or the “Company”) is pleased to announce that the Company has closed the reverse takeover transaction with Lancaster Lithium Inc. (“**Lancaster Lithium**”) pursuant to the merger agreement signed on March 21, 2023 as announced on March 23, 2023 (the “**Transaction**”).

On June 8, 2023, 1405306 B.C. Ltd. (“**Subco**”), a wholly-owned subsidiary of the Company, and Lancaster Lithium completed a statutory amalgamation under the provisions of the *Business Corporations Act* (British Columbia) (the “**Amalgamation**”) pursuant to which the former shareholders of Lancaster Lithium received common shares of the Company on 1:1 basis. In addition, the former warrant holders and option holders of Lancaster Lithium received warrants and options to purchase units or common shares of the Company, as applicable.

The Company changed its name from “NeonMind Biosciences Inc.” to “Lancaster Resources Inc.”, and will operate the current business of Lancaster Lithium going forward. The amalgamation was governed by the terms of an amalgamation agreement between the Company, Subco and Lancaster Lithium dated June 2, 2023. The company resulting from the Amalgamation, named “Lancaster Lithium Inc.” but a separate entity from Lancaster Lithium, is now a wholly owned subsidiary of the Company. Further, management and the Board of Directors of the Company changed.

Pursuant to the Amalgamation, the Company issued the following securities in consideration for the Company acquiring 100% of the issued and outstanding securities of Lancaster II:

- 39,476,861 common shares, the following shares of which are subject to restrictions:
 - 21,921,861 Common Shares are subject to the Post Merger Restrictions;
 - 2,700,000 Common Shares are subject to the 3 Year Restrictions; and
 - 12,200,000 Common Shares subject to the Escrow Provisions.
- 1,619,668 broker warrants to purchase common shares at prices between \$0.15 and \$0.20, which are exercisable until March 31, 2026;
- 16,115,926 warrants to purchase common shares at prices between \$0.30 and 0.50 per share, with expiration dates between March 31, 2026 and April 3, 2026; and
- 3,276,000 options governed by the stock option plan at exercise prices between \$0.15 and \$0.20 per share.

Securities subject to 3 Year Restrictions according the the following schedule: 10% on listing date, 15% 6 months after the listing date, 15% at 12 months after the listing date, 15% 18 months after the listing

date, 15% after 24 months after the listing date, 15% 30 months after the listing date, and the balance at 36 months after the listing date; and 12,200,000 are subject to escrow provisions. Securities subject to the Post Merger Restrictions will be released in 5 equal tranches over 120 days from the listing date. Securities subject to the Escrow Provisions are released according to the following schedule: 10% to be released on the listing date; with a further 15% to be released on each six month anniversary of the listing date over a period of 36 months.

Immediately after completion of the Amalgamation, the Company issued a total of 1,972,592 units (including 60,000, with each unit consisting of one common share and one warrant to purchase an additional common share at a price of \$0.40 for a period of 36 months (the "**Transaction Units**"). All common share and warrants issued as part of the Transaction Units are subject to a hold period of 4 months and a day. Of the 1,912,592 Transaction Units issued:

- 750,000 Transaction Units were issued pursuant to a non-brokered private placement for aggregate proceeds of \$150,000 (the "**Private Placement**"). In connection with the Private Placement, the Company paid finder's fees of \$12,000 and issued 60,000 broker's warrants ("**Broker's Warrants**"). Each Broker's Warrant is exercisable into one common share of the Company at a price of \$0.20 for 36 months. The Company intends to use the net proceeds of the Offering to fund listing fees, marketing, and social media expenses.
- 268,650 Transaction Units were issued pursuant to conversion of \$55,00 in bona fide debt of the Company (the "**Debt Conversion**"). Of the 268,650 Transaction Units issued pursuant to the Debt Conversion, 150,000 were issued to related parties of the Company; and
- 893,942 Transaction Units were issued pursuant to conversion of principal amount and interest on convertible debentures in the aggregate amount of \$178,788 (the "**Debenture Conversion**"). Of the 893,942 Transaction Units issued under the Debenture Conversion, 248,000 were issued pursuant to the conversion of \$49,600 on principal amounts and 645,942 were issued pursuant to conversion of \$129,188 in interest owing on convertible debentures.

The Transaction Units and Broker's Warrants issued pursuant to the Private Placement, the Debt Conversion, and the Debenture Conversion are subject to a statutory four-month and one day period in accordance with applicable Canadian Securities Laws. Consequently, unless otherwise permitted by applicable securities legislation, the holder of such securities must not trade the securities before such date. In addition, the Transaction Units issued to related parties of the Company are subject to contractual restrictions on transfer over a period of three years.

The Company also granted an aggregate of 1,380,000 incentive stock options to directors and consultants (the "**Option Grant**"). The options vest immediately and may be exercised at an exercise price of \$0.20 per common share, for a period of 5 years from the date of issuance or earlier in accordance with the Company's incentive stock option plan. In accordance with regulatory requirements, any common shares issued pursuant to the exercise of such options will be subject to a resale restriction for a period of four months and one day from the date of the grant.

As as a result of the Amalgamation and issuance of the Transaction Units pursuant to the Private Placement, Debt Conversion, and Debenture Conversion, and the Option Grant, the Company now has the following issued and outstanding securities:

- 42,512,872 common shares;
- 19,795,704 warrants to purchase common shares at exercise prices ranging from \$0.15 to \$16.80 per share, expiring between November 2023 and May 2026;
- 4,703,209 options to purchase common shares at exercise prices ranging from \$0.15 to \$12.00 per share; and
- convertible debentures convertible into 79,436 shares and 79,436 warrants.

For details regarding certain elements of the Transaction, including the pre-closing completion of the Private Placement, the Debt Conversion, the Debenture Conversion, or the Option Grant by the Company, and the composition of the Company's board of directors post-Amalgamation, please refer to the Company's listing statement dated June 9, 2023.

The Transaction constituted a fundamental change in accordance with the policies of the Canadian Securities Exchange. Trading in the common shares of the Company is currently halted, but the Company has received conditional approval to re-list the shares following the completion of the Transaction and anticipates receiving final approval shortly.

Appointment of New Directors

The Company wishes to announce the resignation of Cole Drezdoff as a director of the Company effective as of today's date. Heather Remillard and Daniel Kang were appointed as new directors of the Company. Effective today, the directors who hold office until the next annual general meeting of the shareholders of the Company are Penny White, Rob Tessarolo, Heather Williamson, and Daniel Kang.

Appointment of New Officers

The Company wishes to announce the resignation of Rob Tessarolo as Chief Executive Officer and President of the Company effective as of today's date. Effective today, Penny White has been appointed Chief Executive Officer and President, and Heather Williamson has been appointed VP, Corporate Finance and remains as Corporate Secretary.

About Lancaster Resources Inc.

Lancaster Resources is engaged in exploring energy transition metals, particularly lithium, to take advantage of the global shift towards decarbonization and electrification. Its goal is to identify, acquire, explore, and develop high-quality mineral-rich properties, integrating sustainable energy sources and innovative technologies for climate-positive resource production. The Company holds exclusive rights to acquire a 100% interest in the Alkali Flat lithium brine project situated in Lordsburg, New Mexico, USA.

The disclosure of technical information in this news release has been prepared in accordance with Canadian regulatory requirements as set out in National Instrument 43-101 - Standards of Disclosure for Mineral Projects and reviewed and approved by Gary Lohman, B.Sc., P. Geo., who acts as the Company's Qualified Person, and is not independent of the Company.

Penny White, President & Chief Executive Officer, Lancaster Resources Inc.

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The Canadian Securities Exchange has not reviewed, approved nor disapproved the contents of this news release.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events, including the completion of the Transaction, 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 retain key personnel, and raise capital 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.