

## Lancaster Resources Announces Corporate Update and Record Date Change for Spin-Off

VANCOUVER, British Columbia, Jan. 08, 2024 -- **Lancaster Resources Inc. (CSE:LCR | OTCQB:LANRF | FRA:6UF0) ("Lancaster")** is pleased to provide an update on the significant progress of the Alkali Flat Lithium Brine Project in Lordsburg, New Mexico, and the strategic steps being taken to explore this flagship property. Also, through an amendment to the spin-off agreement signed between Lancaster and Nelson Lake (the "**Spin-Off Agreement**"), the record date for the Spin-Off transaction has been set for February 5, 2024.

### CEO's Statement:

"Our unwavering commitment is towards the Alkali Flat Project. The strategic acquisition of the Nelson Lake Copper Project and the subsequent spin-off are pivotal in funding our lithium exploration in New Mexico," says Lancaster's CEO and President Penny White.

### Key Highlights and Upcoming Milestones:

**Geophysics + Geology Study** (July 2023): Following a comprehensive internal evaluation, Lancaster successfully built upon its existing internal geological data sets. This included initial findings from an aerial drone geophysics program and geochemical studies over the playa, laying the groundwork for its completed MT geophysics program and impending drilling operations.

**Magnetotelluric** (MT Survey) (Aug 2023): After reviewing several qualified companies, Lancaster selected KLM Geophysics, a leading geophysics firm with significant experience in lithium brine exploration, to conduct its MT Survey so Lancaster would have the best dataset to supplement its geology and inform its drilling locations. Lancaster received the results from its MT program in September 2023.

**MT Interpretation and Drilling Locations** (Sept 2023): Lancaster's experts interpreted magnetotelluric data to pinpoint optimal drilling locations, maximizing its chances of successfully finding subsurface concentrated lithium brines. Preliminary locations have been selected based on two highly conductive subsurface features found in the MT survey. Proposed locations have been used in support of both the BLM Plan of Operations application and the EMNRD Drilling application.

**Drilling and Access Regulatory Applications Submitted** (Sept 2023): Lancaster formally submitted its drilling application to the New Mexico EMNRD.

**Drilling Bids** (Sept-Dec 2023): Lancaster invited estimates from reputable drilling companies, emphasizing safety, efficiency, and environmental stewardship, and selected the drilling company to conduct its exploratory well drill program.

### Upcoming Milestones:

**Regulatory Approvals:** On November 14, 2023 Lancaster completed a site visit at the Alkali Flat property and had a follow-up call in mid-December 2023 with representatives from both the New Mexico EMNRD and BLM to finalize obtaining the required approvals for its initial drill program. Lancaster aims to obtain all necessary drilling approvals in early 2024, with plans to commence drilling operations in February 2024.

**Maiden Drill Program** (Feb 2024 target): Lancaster aims to complete our first exploratory well efficiently and safely, adhering to the highest industry standards with minimal/zero impact on all stakeholders.

**Samples Collected and Analysis Underway** (Feb 2024 target): During the drilling process, Lancaster will collect samples and submit them for mineral and fluid analysis to confirm lithium concentration within reservoir brine and drill cuttings.

**DLE Technology Bidding and Sample Dispatch** (March 2024 target): Engagements with leading Direct Lithium Extraction (DLE) technology providers are underway to ensure the lithium extraction process is both efficient, cost-effective, and environmentally responsible. Discussions are in progress with various DLE companies to secure sufficient brine samples for testing, aimed at determining the compatibility of DLE technologies with successfully extracted lithium brine from Alkali Flats.

**Sample Results and NI 43-101** (Q2 2024): Upon receiving the sample analysis results, Lancaster plans to update its NI 43-101 report, ensuring stakeholders can access the most current and precise information.

**Anticipated DLE Results** (2024): Lancaster expects to receive the outcomes of future DLE technology trials, which will inform its extraction strategy and affirm its commitment to employing the most economical, effective, and sustainable lithium extraction practices.

### Strategic Spin-Off and Share Distribution:

In a strategic move, Lancaster created a subsidiary, Nelson Lake Copper Corp. ("**Nelson Lake**"), and staked a copper prospective claim in Saskatchewan, Canada. Its plan is to complete a plan of arrangement with Nelson Lake, and spin-off

about ⅔ of its ownership stake in Nelson Lake to Lancaster shareholders and later sell its remaining stake in Nelson Lake to generate funds to expand its exploration and development activities at Alkali Flat.

The strategic separation of Nelson Lake as an independent entity is a significant benefit to Lancaster Resources, its parent company. This move allows Lancaster to concentrate resources and management attention on its core lithium exploration projects, like the Alkali Flat Lithium Brine Project, ensuring efficient capital use and focused operational efforts. It diversifies business risks, as challenges in the copper exploration sector won't directly impact Lancaster's main operations. Financially, it provides Lancaster with non-dilutive financing options, maintaining shareholder value without diluting equity. Additionally, each entity can attract market-specific partnerships and investments, leading to potentially higher valuations and strategic growth opportunities. Overall, this separation enhances Lancaster's operational efficiency, financial stability, and shareholder value, while allowing for a more agile and focused corporate strategy.

### **Spin-Off Distribution Details**

Pursuant to the Spin-Off Agreement, the parties have agreed to enter into an Arrangement Agreement and 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 1,600,000 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 closing of the Transaction. 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. There are no options, warrants, or other derivative securities currently outstanding in Nelson Lake.

A shareholder meeting to vote on the Transaction will occur on March 15, 2024 (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.

Completion of the Transaction is conditional upon the parties entering into an Arrangement Agreement and a Plan of Arrangement, completing an audit of the financial statements of Nelson Lake for its year ended December 31, 2023, completing an NI 43-101 compliant Technical Report of the Nelson Lake Copper Property and obtaining approvals of the British Columbia Supreme Court and of the shareholders of Lancaster. The Transaction 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 Resources.

### **About Nelson Lake Copper Corp.**

Nelson Lake was set up as a wholly owned subsidiary of Lancaster on December 15, 2023 for the purpose of staking copper claims in Saskatchewan, Canada. Andrew Watson, P. Eng, who is currently the Vice President of Engineering and Operations for Lancaster, is a director and President and Chief Executive Officer of Nelson Lake. Nelson Lake directly staked 1 mining claim covering a contiguous block of 5,746 hectares in Saskatchewan with the Mineral Administration Registry Saskatchewan ("**MARS**") on December 18, 2023 (the "**Nelson Lake Copper Property**").

The Nelson Lake Copper Property is adjacent to notable copper exploration projects, such as Cosa Resources Heron Property and Forum Energy Metals Janice Lake. The property targets sedimentary hosted copper in the Wollaston Domain copperbelt offers a unique copper exploration opportunity.

Nelson Lake spent \$8,448 acquiring the Nelson Lake Copper Property, which includes fees of \$5,001 by Nelson Lake's President and Chief Executive Officer, Andrew Watson, to find and stake the claim, \$3,447 in staking fees paid to the Government of Saskatchewan. To maintain the claim after the first year, \$15 per hectare to maintain claims is payable to the Saskatchewan government for a total of \$86,190 per year for years 2 - 10.

More details of the Nelson Lake Copper Property, of Nelson Lake and of the Transaction will be provided in an information circular, which will be distributed to all Lancaster shareholders prior to the Meeting.

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 CEO and President of Nelson Lake and the VP, Engineering and Operations for Lancaster.

### **About Lancaster Resources Inc.**

Lancaster Resources (CSE:LCR | OTCQB:LANRF | FRA:6UF0) is engaged in exploring battery and 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.

*Penny White, President & Chief Executive Officer  
Lancaster Resources Inc.  
Email: penny@lancasterlithium.com  
Tel: 604 923 6100  
Website: www.lancaster-resources.com*

**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.*