

# Archer Exploration Completes Acquisition of Grasset Nickel Deposit and Other Nickel Assets from Wallbridge Mining

Completes C\$10.2 Million Equity Financing

Common Shares Expected to Resume Trading on the CSE Shortly

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VANCOUVER, BC, Nov. 18, 2022 /CNW/ - Archer Exploration Corp. (CSE: RCHR) (the "**Company**" or "**Archer**") announces that it has completed its previously announced acquisition (the "**Asset Acquisition**") of all of the nickel assets, rights and obligations located in Quebec and Ontario (the "**Nickel Assets**") from Wallbridge Mining Company Limited ("**Wallbridge**"). Prior to the Asset Acquisition taking effect, the Company completed its previously announced brokered private placement (the "**Concurrent Financing**") for gross proceeds of approximately C\$10,182,500. The Asset Acquisition and the Concurrent Financing were completed on November 18, 2022 (the "**Closing Date**").

*"We are very grateful to our new and existing shareholders for their support and look forward to creating value for all stakeholders as we advance our exploration plans within our exciting portfolio of nickel sulphide projects at Grasset in Quebec and in the Sudbury camp. We believe this acquisition will establish Archer as a leading Canadian nickel sulphide focused exploration and development company" said Tom Meyer, Archer's President and Chief Executive Officer.*

## Asset Acquisition

The Asset Acquisition was completed pursuant to the terms of an asset purchase agreement dated July 12, 2022, as amended on November 9, 2022 (the "**Asset Purchase Agreement**"), between the Company and Wallbridge.

The Nickel Assets consist of 2,046 mining titles covering approximately 67,000 hectares and include a 100% interest in the Grasset nickel sulphide project located in Quebec (the "**Grasset Project**"). As previously announced on September 14, 2022, the Nickel Assets also included cash in the amount of C\$2,652,997 representing proceeds received by Wallbridge following the sale of certain shares it held in Lonmin Canada Inc. (the "**Loncan Proceeds**").

As consideration for the Nickel Assets, the Company issued to Wallbridge 66,211,929 common shares (each, a "**Consideration Share**") with an aggregate deemed value of approximately C\$53.6 million (valued using the July 12, 2022 closing price of such shares). Archer also granted to Wallbridge a 2% net smelter return royalty on production from the Grasset Project.

In connection with the Asset Acquisition, the Company entered into a finder's fee agreement with two arm's length parties (the "**Finders**"). As compensation for the Finders' introduction of the Company and Wallbridge, Archer issued to the Finders 1,655,298 Common Shares (as defined below) of Archer (representing 2.5% of the number of Consideration Shares). The Common Shares issued to the Finders are subject to voluntary escrow and will be released over a period of two

years after the Closing Date.

Wallbridge has advised the Company that it will distribute 48,168,171 Consideration Shares (the "**Wallbridge Spinout Shares**") to its shareholders on a *pro rata* basis on the Closing Date (the "**Share Distribution**"). Following the Share Distribution, Wallbridge is expected to retain 18,043,758 Consideration Shares (the "**Wallbridge Retained Shares**"), representing approximately 19.9% of the outstanding Common Shares. Wallbridge has further advised the Company that no Wallbridge shareholder will own more than 10% of the Common Shares as a result of the Share Distribution. The Wallbridge Retained Shares and the Wallbridge Spinout Shares have a hold period of four months and one day from the Closing Date.

In connection with closing of the Asset Acquisition, Archer and Wallbridge entered into the following ancillary agreements (collectively, the "**Ancillary Agreements**"): a royalty agreement, an investor rights agreement and an exploration cooperation agreement. Pursuant to the investor rights agreement entered into with Wallbridge, among other things, Wallbridge has agreed to not dispose of any Wallbridge Retained Shares for a period of one year.

The Company also agreed to assume obligations under the closure plan relating to Wallbridge's Broken Hammer open pit mine which ceased operation in 2015 (the "**Mine Closure Plan**"). Wallbridge has posted a standby letter of credit in the amount of \$361,245 to provide financial assurance for the Mine Closure Plan. The Company has agreed to provide a replacement letter of credit within 90 days of closing of the Asset Acquisition.

The Asset Acquisition constitutes a "Fundamental Change" as defined by Policy 8 of the Canadian Securities Exchange (the "**CSE**"). The common shares of Archer (the "**Common Shares**") are expected to resume trading on the CSE shortly, upon satisfaction of certain CSE conditions to listing, under the symbol "RCHR." A further press release will be issued once trading has resumed.

Following the Asset Acquisition, the management team and board of directors (the "**Board**") of the Company is as follows:

- Tom Meyer — President, Chief Executive Officer and Director
- Dilshan Anthony — Chief Financial Officer
- Jacquelin (Jack) Gauthier — Vice President of Exploration
- Wes Short — Corporate Secretary
- David Cobbold — Director
- Christian Kargl-Simard — Director
- Michael Konnert — Director
- Marz Kord — Director (Wallbridge Nominee)
- Brian Penny — Director (Wallbridge Nominee)

Each of the directors was elected to the Board at the shareholders' meeting held on October 12, 2022, subject to completion of the Asset Acquisition.

As described in the Company's listing statement, which will be filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) (the "**Listing Statement**"), certain Common Shares, including the Wallbridge Retained Shares, are subject to three-year escrow in accordance with CSE Policy 8.

Additional information related to the Asset Acquisition – including additional information regarding the members of the management team and Board listed above, the Nickel Assets, the Ancillary Agreements and the Mine Closure Plan – will be available in the Listing Statement.

## **Concurrent Financing**

Pursuant to the Concurrent Financing, the Company issued an aggregate of (i) 4,545,455 non flow-

through units of Archer (each, an "**NFT Unit**") at a price of C\$0.66 per NFT Unit, (ii) 4,243,334 flow-through units of Archer (each, a "**FT Unit**") at a price of C\$0.75 per FT Unit and (iii) 2,898,550 charity flow-through units of Archer (each, a "**Charity FT Unit**" and together with the NFT Units and FT Units, the "**Units**") at a price of C\$1.38 per Charity FT Unit. Each FT Unit and Charity FT Unit was issued as a "flow-through share" as defined in subsection 66(15) of the *Income Tax Act* (Canada) and section 359.1 of the *Quebec Tax Act* with respect to purchasers in Quebec. Aggregate gross proceeds of the Concurrent Financing were approximately C\$10,182,500.

Each Unit consists of one common share of Archer (each, a "**Unit Share**") and one common share purchase warrant of Archer (each, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one additional common share of Archer at a price of C\$1.02 for a period of 24 months following the Closing Date.

The Concurrent Financing was led by Canaccord Genuity Corp., acting as lead agent and sole book-runner on behalf of a syndicate including National Bank Financial Inc. and Raymond James Ltd. (collectively, the "**Agents**"). In connection with the Concurrent Financing, the Agents received a cash fee equal to 6.0% of the aggregate gross proceeds raised pursuant to the Offering (other than in respect of sales to those purchasers on the "president's list" in which case a cash fee of 2.0% was paid). In addition, the Company issued the Agents non-transferable broker warrants (the "**Broker Warrants**") exercisable to acquire that number of Common Shares which is equal to 6.0% (reduced to nil in respect of sales to purchasers on the "president's list") of the number of Units sold pursuant to the Offering. Each Broker Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of C\$0.66 per Common Share for a period of 18 months following the Closing Date.

The net proceeds from the sale of the NFT Units will be used for exploration and development of the Nickel Assets and for working capital purposes. The proceeds from the issuance of the FT Units and Charity FT Units will be used to incur eligible "Canadian exploration expenses" that qualify as "flow-through critical mineral mining expenditures" (the "**Qualifying Expenditures**") on or before December 31, 2023. Archer has agreed to renounce such Qualifying Expenditures to the purchasers of the FT Units and Charity FT Units with an effective date of no later than December 31, 2022, in an aggregate amount of not less than the total amount of the gross proceeds raised from the issuance of FT Units and Charity FT Units.

The Unit Shares and Warrants comprising the Units, the Broker Warrants, and the Common Shares underlying the Broker Warrants all have a hold period of four months and one day from the Closing Date.

In connection with closing of the Concurrent Financing, the Company entered into an investor rights agreement with a strategic shareholder (the "**Shareholder**") pursuant to which the Shareholder will be entitled to, among other things, the following rights (subject to maintaining certain ownership thresholds): (a) the right to participate in certain equity financings by the Company in order to acquire up to a 19.99% ownership interest in the Company; and (b) the right to nominate one person to the Board (and if the Board is increased to nine or more directors, two people to the Board). The Shareholder has advised Archer that it does not currently own a sufficient number of the issued and outstanding Common Shares to trigger the nomination right.

Certain insiders of the Company acquired Units in the Concurrent Financing. This participation by insiders in the Concurrent Financing constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). However, the Company considers such participation would be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Units subscribed for by the insiders, nor the consideration for the Units paid by such insiders, would exceed 25% of the Company's market capitalization.

The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

## **About Archer**

Archer Exploration is a Ni-Cu-Co-PGE focused exploration and development company headquartered in Vancouver, Canada. The Company's flagship and core asset is the Grasset Project, located within the Abitibi greenstone belt approximately 55 kilometres west-northwest of Matagami Quebec. In addition, the Company holds an extensive portfolio of 37 properties comprised of 309 square kilometres within 807 mining titles in the world-class mining district of Sudbury. The Company's growth strategy is focused on the exploration and development of its nickel sulphide properties within its portfolio, as well as other battery metal assets it may acquire that fit its strategic criteria. Archer's vision is to be a responsible nickel sulphide developer in stable pro-mining jurisdictions. Archer is committed to socially responsible exploration and development, working safely, ethically, and with integrity.

Archer is backed by Inventa Capital Corp., a Vancouver-based merchant bank founded in 2017 with the goal of discovering and funding opportunities in the resource sector. The common shares of Archer are listed on the CSE (symbol RCHR). Additional information about the Company is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.archerexploration.com](http://www.archerexploration.com)).

## **Cautionary Note Regarding Forward-Looking Statements**

The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to the activities, events or developments that Archer expects or anticipates will or may occur in the future. Generally, but not always, forward-looking information and statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negative connotation thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These forward-looking statements or information may relate to: the use of proceeds from the Concurrent Financing; the tax treatment of the FT Units and Charity FT Units; timing of the renunciation of the Qualifying Expenditures; final approval from the CSE; filing of the Listing Statement; and re-commencement of trading of the Common Shares and timing thereof.

Such forward-looking information and statements are based on numerous assumptions, including among others, that the results of planned exploration activities are as anticipated, the anticipated cost of planned exploration activities, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and on reasonable terms, that third party contractors, equipment and supplies and governmental and other approvals required to conduct Archer's planned exploration activities will be available on reasonable terms and in a timely manner. Although the assumptions made by Archer in providing forward-looking information or making forward-looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: risks associated with the conduct of the Company's mining activities; regulatory, consent or permitting

delays; risks relating to reliance on the Company's management team and outside contractors; risks relating to project financing and equity issuances; risks and unknowns inherent in all mining projects; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; employee relations, labour unrest or unavailability; the Company's interactions with surrounding communities; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; litigation risk; the ongoing military conflict in Ukraine; general economic factors (including inflationary pressure); the price of commodities; and the factors identified under the caption "Risk Factors" in the Company's public disclosure documents.

The forward-looking information contained in this news release represents the expectations of Archer as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Archer does not undertake any obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

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