

# Regency Announces Update on \$15 Million Subscription Receipt Financing and Reverse Takeover Transaction

**NOT FOR DISSEMINATION OR DISTRIBUTION IN THE UNITED STATES OF AMERICA**

**Vancouver, B.C., February 10, 2020** – Regency Gold Corp. ("**Regency**" or the "**Company**") (NEX: RAU.H) is issuing this comprehensive news release to update and expand on its news release of January 10, 2020, regarding its definitive option agreement dated January 6, 2020, as amended January 27, 2020 (collectively, the "**Option Agreement**"), with Benton Resources Inc. ("**Benton**") (TSXV: BEX) in connection with the acquisition by the Company of, subject to the satisfaction of certain conditions precedent, an option to acquire a 100% right, title and interest in the Escape Lake Property (the "**Escape Lake Property**") and the right to acquire 100% of Panoramic Resources Inc.'s indirect subsidiary, Panoramic PGMs (Canada) Ltd. (the "**Pan Subsidiary**") which owns the Thunder Bay North Project (the "**TBN Project**") (the "**Transaction**"). The Escape Lake Property and the TBN Project are collectively referred to as, the "**TBN Property**".

The Company is also pleased to announce that its previously announced private placement of subscription receipts (each, a "**Subscription Receipt**") led by Paradigm Capital Inc. and Sprott Capital Partners LP (the "**Co-Lead Agents**") on behalf of a syndicate of agents, including Red Cloud Securities and Mackie Research Capital Corporation (together with the Co-Lead Agents, the "**Agents**") is expected to close on or about February 11, 2020 (the "**Closing Date**"). The private placement is fully subscribed and the Company is expected to issue 75,000,000 Subscription Receipts for aggregate gross proceeds of \$15,000,000 (the "**Offering**").

The Transaction is an arm's-length transaction (as that term is defined in the policies of the TSX Venture Exchange (the "**TSXV**")) as Regency is not a related party (as such term is defined in the policies of the TSXV) to any of Benton, Panoramic Resources Inc. ("**PAN**"), or Rio Tinto Exploration Canada Inc. ("**RTEC**").

## The Property

The TBN Property is located approximately 50km northeast of Thunder Bay within the Thunder Bay Mining Division in north-west Ontario, Canada, an emerging Ni-Cu-PGM province. The TBN Property currently comprises:

- TBN Project consists of 300 unpatented mining claims (1456 cell units) covering an aggregate area of approximately 29,725 hectares.
- Escape Lake Property consists of 20 unpatented mining claims (20 cell units) with an area of 561.3 hectares. The property is located 2.1km west-southwest of the Current Lake Deposit and is completely surrounded by TBN Project claims.
- Escape North Property consists of 24 unpatented mining claims (67 cell units) with an area of 1722 hectares. The portion of the TBN Property is directly north of and adjacent to the northern boundary of the TBN Project claims.

## History of the TBN Property

The Pan Subsidiary optioned the Current Lake Claim Group in 2005, the Beaver Lake Property in 2006, the CasRon Property in 2007 and staked the balance of the claims comprising the TBN Project in 2009. Starting 2006, the Pan Subsidiary deployed an aggressive exploration program resulting in the discovery of nickel-copper-PGE sulphide mineralization. Between December 2006 and June 2009, the Pan Subsidiary drilled

338 core boreholes (over 51,000 metres) to delineate the polymetallic sulphide mineralization and support the initial evaluation of mineral resources. A first-time historic mineral resource estimate was completed by SRK Consulting Ltd. on behalf of Magma Metals PTY Ltd. ("**Magma**"), the parent company of the Pan Subsidiary, in 2009. An updated historic mineral resource was calculated in late 2010 and a preliminary economic evaluation was completed in February 2011 by AMEC Americas. PAN announced an unsolicited takeover for Magma on February 3, 2012 and completed its acquisition of Magma on June 7, 2012.

RTEC staked the original Escape Lake Property (a single 15 unit claim) in 2006. Between 2010 and 2012 RTEC drilled 11 core holes (approximately 6412 metres) into various parts the intrusion and intersected similar mineralization to that discovered at the TBN Project. Between 2014 and 2016 after an earn-in joint venture agreement was signed between RTEC and the Pan Subsidiary, RTEC completed outcrop and boulder prospecting throughout the TBN Property and reprocessed all of the Pan Subsidiary's geophysical data. During 2015 and 2016 RTEC drilled 24 core holes (approximately 9500 metres) into the TBN Property with 7 holes (approximately 2418 metres) drilled into the TBN Project and 17 holes (7081.04m) into the Escape Lake Property. In late 2016 RTEC flew a semi-airborne HeliSAM survey over the Current Lake and Steepledge Lake Intrusions. Since 2016 there has been very little exploration conducted on the TBN Property.

### **Terms of Option Agreement**

Under the Option Agreement, and following satisfaction of certain conditions precedent as described below, in order to acquire a 100% right, title and interest in the Escape Lake Property from Benton (subject to Benton exercising its pre-existing option (the "**Benton Option**") with RTEC and Benton's rights to acquire a 100% right, title and interest in the TBN Project, Regency is required to complete, among other things, the following:

- (a) enter into a definitive share purchase agreement (the "**Pan Agreement**") with Magma, and make an initial \$250,000 payment. These requirements have both been completed;
- (b) issue to Benton an aggregate of 24,615,884 common shares (the "**Consideration Shares**") in the capital of Regency, subject to adjustment;
- (c) fulfill all the remaining payments to RTEC under the terms of an option agreement (the "**RTEC Agreement**") dated October 9, 2019, between RTEC and Benton required in order for Benton to exercise the Benton Option to earn a 100% interest in the Escape Lake Property. These payments are set out below;
- (d) fulfill all the remaining payments under the terms of the PAN Agreement. Those payments as set out below; and
- (e) grant to Benton a 0.5% net smelter return royalty from production on the Escape Lake Property and a 0.5% net smelter return royalty from production on any mineral claims comprising the TBN Project over which a net smelter royalty has not previously been granted.

The Consideration Shares to be issued by Regency to Benton shall not exceed 19.9% of the issued share capital of Regency and will be subject to a four month and one day statutory hold period from the date of issuance. The Consideration Shares may be subject to the escrow requirements of the TSXV.

## **The RTEC Agreement**

Under the RTEC Agreement, Benton was granted an option to acquire 100% ownership interest in the Escape Lake Property, subject to a 1% net smelter return royalty to be retained by RTEC, in exchange for payment of C\$6 million by Benton to RTEC over a three-year period, as follows:

- (a) C\$3 million paid by Benton to RTEC upon signing of the RTEC Agreement. This amount has been paid by Benton;
- (b) C\$1 million payable on the first anniversary of the signing of the RTEC Agreement, being October 9, 2020;
- (c) C\$1 million payable on the second anniversary of the signing of the RTEC Agreement, being October 9, 2021; and
- (d) C\$1 million payable on the third anniversary of the signing of the RTEC Agreement, being October 9, 2022.

Under the terms of the Option Agreement, Regency has assumed and is bound and shall perform the obligations of Benton under the RTEC Agreement. RTEC consented to Regency acquiring the Benton Option pursuant to a consent, acknowledgement and agreement dated January 6, 2020 between Benton, Regency and RTEC.

## **The PAN Agreement**

Under the Pan Agreement, Regency has the right to acquire a 100% ownership interest in the Pan Subsidiary, the subsidiary of Magma that holds the TBN Project, in exchange for payment of C\$9 million by Regency to Magma over a three-year period, as follows:

- (a) C\$4.5 million due on closing of the acquisition of the TBN Project (the "**Initial Pan Payment**");
- (b) C\$1.5 million on the first anniversary of the closing of the acquisition of the TBN Project;
- (c) C\$1.5 million on the second anniversary of the closing of the acquisition of the TBN Project; and
- (d) C\$1.5 million on the third anniversary of the closing of the acquisition of the TBN Project.

A third party has made an initial payment of \$250,000 on behalf of Regency (which will be credited to the Initial Pan Payment) to PAN, which extends the proposed closing of the acquisition and the Initial Pan Payment, by 60 days. In addition, Regency now has the ability to get up to three additional 30-day extensions by making a \$10,000 payment for each extension.

## **Satisfaction of Conditions to Closing**

The grant to Regency of the option to acquire the TBN Property under the Option Agreement is subject to the satisfaction of certain additional conditions precedent, including, among other things:

- (a) receipt of all necessary consents, approvals and other authorizations of any regulatory authorities, shareholders or third parties has been obtained, including, but not limited to, the approval of the TSXV;
- (b) the representations and warranties of the parties in the Option Agreement remaining accurate at and as of the closing date;

- (c) the completion by Regency of the Offering (which is expected to close on February 11, 2020); and
- (d) the closing of the grant of the option occurring prior to May 30, 2020.

## Offering

In connection with the Offering, the Company proposes to enter into an agency agreement (the "**Agency Agreement**") on or about the Closing Date, among the Company and the Agents, pursuant to which the Company proposes to issue on the Closing Date, an aggregate of 75,000,000 Subscription Receipts at a price of \$0.20 per Subscription Receipt (the "**Issue Price**") for aggregate gross proceeds of \$15,000,000.

The gross proceeds of the Offering less certain expenses of the Agents and other commissions (the "**Escrowed Proceeds**") will be held in escrow on behalf of the subscribers of the Subscription Receipts by Computershare Trust Company of Canada (the "**Escrow Agent**"), pursuant to the terms of a subscription receipt agreement (the "**Subscription Receipt Agreement**") to be entered into one or about the Closing Date among the Company, the Co-Lead Agents and the Escrow Agent. Each Subscription Receipt will be automatically converted, without payment of any additional consideration and without further action on the part of the holder thereof, for one unit (each, a "**Unit**") of the Company upon satisfaction or waiver of the escrow release conditions ("**Escrow Release Conditions**") set out below and in the Subscription Receipt Agreement and prior to a Termination Event (as defined below), subject to adjustment in certain events. The Units to be issued upon conversion of the Subscription Receipts will be comprised of one common share of Regency (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will be exercisable by the holder thereof for one common share of the Company (each, a "**Warrant Share**") for a period of twenty-four (24) months after the Closing Date at an exercise price of \$0.30 per Warrant Share, subject to adjustments in certain events.

The Escrow Release Conditions are as follows:

- a) The receipt of all required corporate, shareholder and regulatory approvals in connection with the Offering, the Transaction and the TSXV Listing (as defined below), including, without limitation, the conditional approval of the TSXV for the listing of the Unit Shares and Warrant Shares and any relevant listing documents having been accepted for filing with the TSXV;
- b) The completion or the satisfaction of all conditions precedent to the Transaction, substantially in accordance with the definitive agreements relating to the Transaction (other than the payment of the cash purchase price due in connection with the acquisition of the TBN Project), to the satisfaction of the Agents; and
- c) The Company and the Agents having delivered a joint notice to the Escrow Agent, confirming that the conditions set forth in (a) and (b) above have been met or waived.

As consideration for the services provided by the Agents in connection with the Offering: (a) the Agents will receive a cash commission equal to 6% of the gross proceeds of the Offering (being reduced to 3% with respect to certain subscribers on the "**President's List**"); and (b) the Agents will receive compensation options (the "**Compensation Options**") on the Closing Date. Each Compensation Option will be exercisable to acquire that number of Units equal to 6% of the number of Subscription Receipts sold under the Offering (being reduced to 3% with respect to the President's List) at the Issue Price for a period of twenty-four (24) months after the Closing Date. Additionally, for the services provided by certain other eligible persons (the "**Finders**"), the Company has also agreed to a fee of: (i) a cash commission equal to 3% of the total proceeds from certain subscribers on the President's List introduced by the Finders; and

(ii) Compensation Options equal to 3% of the number of Subscription Receipts sold under the Offering to certain subscribers on the President's List introduced by the Finders.

In the event that: (i) the Escrow Agent does not receive the release notice contemplated by the Subscription Receipt Agreement prior to 5:00 p.m. (Toronto time) on that date which is 120 days after the Closing Date (the "**Escrow Release Deadline**"); or (ii) prior to the Escrow Release Deadline, the Company advises the Agents or announces to the public that it does not intend to proceed with the Transaction and/or satisfy the Escrow Release Conditions (each, a "**Termination Event**"), the Escrowed Proceeds (plus any interest accrued thereon) will be returned to the holders of the Subscription Receipts on a *pro rata* basis and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Escrowed Funds are not sufficient to refund the aggregate Issue Price paid to the holders of the Subscription Receipts, the Company will be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

The net proceeds of the Offering will be used to fund the cash portion of the consideration payable to Magma in respect of the acquisition of the TBN Project, to fund drilling for the TBN Property, and for general corporate purposes.

The securities issued in connection with the Offering (including the Subscription Receipts and any Unit Shares, Warrants, and Warrant Shares) will be subject to a statutory hold period of four months and one day from the Closing Date, in accordance with applicable securities laws.

The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined under the U.S. Securities Act) absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

### **Reverse Takeover Transaction**

Regency has been inactive for more than two (2) years when it ceased its activity as an "Industrial Life Science or Technology Issuer" in accordance with the policies of the TSXV. After a thorough evaluation of the existing operations of Regency and a review of strategic options for Regency, generally, the Board of Directors of Regency has determined that it will be in the best interests of Regency and its shareholders for Regency to be reactivated in the mineral resources sector through the completion of the Offering and the Transaction.

Regency proposes to effect a reverse takeover ("**RTO**") pursuant to the policies of the TSXV to reflect the new direction in the business of Regency by filing a filing statement (the "**Filing Statement**") in support of its application to the TSX to become a "Mining Issuer" (as that term is defined in the policies of the TSXV) following the completion of the Transaction (the "**Resulting Issuer**").

The Transaction may require sponsorship under the policies of the TSXV unless an exemption from sponsorship is granted. Regency intends to apply for an exemption from sponsorship requirements of the TSXV in connection with the Transaction. There can be no assurance that such exemption will ultimately be granted.

The common shares of the Company are currently listed on the NEX Board of the TSXV under the symbol "RAU.H". The Company seeks to graduate from the NEX Board and list the common shares of the Resulting Issuer on the TSXV (the "**TSXV Listing**") upon completion of the Transaction. The Company has applied

to list the Unit Shares and the Warrant Shares on the TSXV. The TSXV Listing will be subject to the Company fulfilling all the listing requirements of the TSXV.

Following completion of the Transaction, the Company intends to change its name to "Clean Air Metals Inc.". It is expected that following the name change, the common shares of Regency, as the resulting issuer, and will trade under the ticker symbol "AIR" on the TSXV.

The Company intends to seek shareholder approval from a majority of the shareholders of the Company by way of written consent in accordance with Section 4.3 of Policy 5.2 of the TSXV Corporate Finance Manual.

Upon the closing of the Offering and the Transaction, it is anticipated that Benton will become an "Insider" (as that term is defined in the policies of the TSXV) of the Resulting Issuer. Prior to the completion of the Offering and the Transaction, Benton did not beneficially own or control any securities of Regency. Upon the issuance of the Consideration Shares to Benton, Benton will beneficially own and control 24,615,884 common shares (the "**Resulting Issuer Shares**") of the Resulting Issuer, representing approximately 19.68% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis, assuming completion of the Offering and the Transaction.

### **Management of the Resulting Issuer**

Following the completion of the Offering, the current Board of Directors and management of Regency, with the exception of Kelsey Chin, CPA, CA, the Chief Financial Officer and Corporate Secretary of Regency, will resign and will be replaced by the persons, and in the capacities listed below. Brief biographies of the proposed nominees are as follows:

***Abraham Drost, M.Sc., P. Geo., CEO and Director*** – Mr. Drost is a Professional Geoscientist (Ontario) and a graduate of the University of Waterloo (B.Sc) and Queen's University (M.Sc.). Mr. Drost is a former President and Director of Sabina Gold and Silver Corp., former President and Director of Gold X Mining Corp. and former CEO, and Director of Mexican Gold Corp. Mr. Drost is a former Chairman of Premier Gold Mines USA Inc. and the former CEO and founding Director of Premier Royalty Inc., prior to the sale to Sandstorm Gold Ltd. He was a former CEO and then Director of Mega Precious Metals Inc. at the sale to Yamana Gold Inc. Mr. Drost was most recently CEO and Director of Carlisle Goldfields Ltd. at the sale to Alamos Gold Inc. He previously served as Regional Land Use Geologist with the Ontario Geological Survey, promoting exploration best practises for junior mining companies on aboriginal traditional territories.

***James Gallagher, P. Eng., Chairman and Director*** – Mr. Gallagher is a Professional Engineer and seasoned mining executive with a 35-year track record of optimizing operational performance, leading successful projects and consulting with global scope. Mr. Gallagher was most recently the President and CEO of North American Palladium Ltd. ("**NAP**"). During his 6 year tenure at NAP, Mr. Gallagher rebuilt the senior management team, introduced advanced technologies and mining methods at the Lac des Illes Mine and achieved an operational and financial turnaround that made the Lac des Illes Mine one of the largest and lowest cost underground mines in Canada, culminating in the 2019 sale of NAP for \$1 billion to Impala Platinum. Prior to NAP, Mr. Gallagher spent 24 years with Falconbridge Ltd., in a variety of operational and project management roles and eight years as Global Director of Mining for Hatch, leading one of the largest mining EPCM teams in North America. Mr. Gallagher is a Director and chair of the Health, Safety and Technical committee for Harte Gold, serves on the Board of Directors of the Ontario Mining Association.

***Dean Chambers, P. Eng., ICD.D., Director*** - Mr. Chambers is a Professional Engineer and financial executive with over 35 years of business, technical and financial experience. In 2017, Mr. Chambers retired as Executive Vice President and Chief Financial Officer at Sherritt International Corporation, a major international resource company. Mr. Chambers' career as a senior executive in the mining and chemical industries also includes progressive positions with The Dow Chemical Company, Falconbridge Limited and

Dynatec Corporation. Most recently, Mr. Chambers served four years on the Board of Directors and chaired the Audit Committee of North American Palladium Ltd. leading up to its successful sale to Impala Platinum in 2019. Mr. Chambers holds the ICD.D designation from the Institute of Corporate Directors. Mr. Chambers also serves on the Industrial Advisory Committee for the Engineering and Management program at McMaster University.

### **About the Pan Subsidiary**

The Pan Subsidiary is a corporation incorporated under the *Business Corporations Act* (Yukon) on October 20, 2005, by Magma, an Australian company formerly cross-listed on the Toronto Stock Exchange and the Australian Stock Exchange.

Below is a summary of financial information of the Pan Subsidiary based on a balance sheet as at October 31, 2019:

<b>Financial Period</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Net Loss</b>
October 31, 2019	\$1,118,601.30	\$56,112,825.30	(\$103,163.94)	(\$55,063,041.11)

### **ON BEHALF OF THE BOARD OF DIRECTORS**

"*William Radvak*"

William Radvak, President and Chief Executive Officer of Regency Gold Corp.

### **For further information, please contact:**

William Radvak, President & CEO of Regency Gold Corp.

**Phone:** 778-888-4101

**Email:** [billradvak@gmail.com](mailto:billradvak@gmail.com)

Abraham Drost, Proposed CEO & Director of the Resulting Issuer

**Phone:** 807-252-7800

**Email:** [adrost@cleanairmetals.ca](mailto:adrost@cleanairmetals.ca)

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

### **Cautionary Note**

Completion of the Transaction and the closing of the Offering, among other things, are subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable, disinterested shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction, the Offering or the TSXV Listing will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or Filing Statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Regency should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release. Further details of the Transaction will be included in subsequent news releases and disclosure documents to be filed by Regency.

The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to the Transaction, the Offering, and the TSXV Listing, risk related to the failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with mining and exploration; risks related to the maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits; risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; results of prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. Actual events or results could differ materially from the Company's expectations or projections.