



## **Grounded Lithium Announces Strategic Combination & Commitments for Final Tranche of Oversubscribed \$5.7 million Private Placement**



**NOT FOR DISSEMINATION IN THE UNITED STATES. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.**

CALGARY, ALBERTA (February 11, 2022) - Grounded Lithium Corp. ("GLC" or the "**Company**") is pleased to announce two separate catalytic events which create the foundation for future shareholder value.

### **Completion of Offering**

As announced on November 30, 2021, GLC launched its inaugural external financing seeking to raise up to \$5.5 million in gross proceeds (the "**Offering**"). With Red Cloud Securities acting as a finder in connection with the Offering, the Company closed an additional tranche of the Offering in early 2022 bringing total gross proceeds under the Offering to approximately \$3.9 million and has firm commitments held in trust pending completion of the Proposed Transaction, described below, which bring total funds raised to approximately \$5.7 million. The success of the Offering creates a strong working capital position to execute the Company's business plan to explore and develop strategic lithium resources in Western Canada.

### **Reverse Takeover Transaction**

As part of the Company's fundraising efforts, the Company indicated its intention to provide near-term liquidity for its shareholders. To that end, the Company is pleased to announce it entered into an amalgamation agreement dated February 10, 2022 (the "**Amalgamation Agreement**") with VAR Resources Corp. ("**VAR**") and VAR Resources (Newco) Corp. ("**Subco**"), a wholly-owned subsidiary of VAR, pursuant to which the Company will complete a reverse takeover of VAR (the "**Proposed Transaction**") in accordance with the policies of the TSX Venture Exchange (the "**TSXV**"). In connection with the Proposed Transaction and pursuant to the terms of the Amalgamation Agreement, on or prior to the Effective Date (as such term is defined in the Amalgamation Agreement):

- each common share of the Company issued and outstanding shall be cancelled without any repayment of capital in respect thereof and its holder shall receive one fully paid and non-assessable common share of the combined company upon completion of the Proposed Transaction (the "**Resulting Issuer**");
- 6,250,000 outstanding VAR common share purchase warrants with a strike price of \$0.14 will be exercised, providing a further \$875,000 into the Resulting Issuer's treasury;
- the Offering will be completed on an oversubscribed basis;
- each stock option of the Company issued and outstanding will be cancelled and replaced by one option of the Resulting Issuer on the same terms and conditions;
- each performance warrant of the Company issued and outstanding will be cancelled and replaced by one performance warrant of the Resulting Issuer on the same terms and conditions;
- each finders warrant of the Company issued and outstanding will be cancelled and replaced by one finders warrant of the Resulting Issuer on the same terms and conditions;
- VAR will relinquish its existing mining option property to the original holder of the property;
- Subco and the Company will amalgamate under the *Business Corporations Act* (Alberta) to form a new company ("**Amalco**"), a wholly owned subsidiary of VAR; and
- VAR will continue into Alberta from British Columbia (the "**Continuation**") and amalgamate with Amalco to continue under the name "Grounded Lithium Corp." with its shares listed on the TSXV.

Upon completion of the Proposed Transaction, it is expected that an aggregate of approximately 38.3 million common shares of the Resulting Issuer ("**Resulting Issuer Shares**") will be issued to GLC's shareholders bringing the total number of issued and outstanding Resulting Issuer Shares to approximately 56.9 million. The common shares of VAR are currently halted from trading on the TSXV and are expected to remain halted pending completion of the Proposed Transaction.

Pursuant to the terms of the Amalgamation Agreement, completion of the Proposed Transaction is subject to a number of conditions precedent, including but not limited to, the satisfaction or waiver of closing conditions customary to transactions of the nature of the Proposed Transaction, completion of the Offering, obtaining all requisite shareholder and corporate approvals, including the approval by the shareholders of VAR of the Continuation, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction and the final approval of the TSXV, including the satisfaction of its initial listing requirements. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. It is anticipated that the closing of the Proposed Transaction will occur during the second quarter of 2022 once all regulatory filings and approvals are obtained.

The composition of the board of directors of the Resulting Issuer (the "**Board of Directors**") will be determined on or before the submission of applicable meeting materials to be delivered to shareholders of GLC and VAR. Pursuant to the Amalgamation Agreement, GLC has the right to appoint a majority of

the Board of Directors. It is anticipated that Mr. Gregg Smith, GLC's CEO, will sit on the Board of Directors. The Board of Directors will be determined over the coming months and will be fully detailed in the respective meeting materials to be mailed to shareholders of GLC and VAR. The composition of the Board of Directors will ensure that best practices in governance and necessary skillsets are represented.

"We are extremely proud of the progress to date by the Company and are excited to be entering the public arena via the RTO with VAR to move the business forward," commented Gregg Smith, President & CEO of GLC. "The lithium resource industry in North America continues to evolve and grow driven by the fundamental energy shift. GLC intends to capitalize on this shift and become a dynamic contributor to the growth and production of battery grade lithium. We look forward to operating and communicating as a public company which will provide greater access to capital as we grow and develop our resource base."

### Management Team

The current management team of the Company is established with all key disciplines addressed by individuals with a history of experience and success. They are as follows:

**Gregg Smith,**  
**Honours B.Sc., Geophysics**

President, CEO & Director

Mr. Smith brings over 35 years of combined technical and managerial experience in the oil and gas industry. He served as a COO with both PetroBank and PetroBakken Resources. At Petrobank, he led the Canadian business unit's growth from 2,000 boe/d to over 22,000 boe/d. In 2009, he led the spinout of the business unit from Petrobank to form a new enterprise, PetroBakken, which subsequently grew to over 50,000 boe/d. Production growth evolved from aggressive drilling in resource plays following the strategic acquisitions of under-developed assets through transactions in excess of \$4.5 billion. Throughout his career, Mr. Smith was fortunate to work in technical and executive roles across Western Canada, offshore Louisiana and Texas, and in international projects in the Middle East. In 2009, Mr. Smith had the honour of receiving "Saskatchewan Oilman of the Year" for the achievements of the multi-discipline team he led in optimizing drilling and completion techniques in the Bakken play providing a major increase in oil productivity per well. Mr. Smith also served in multiple roles on numerous corporate boards within the oil and gas industry.

**Greg Phaneuf, CPA:CA, CFA**

VP Finance & CFO

Mr. Phaneuf brings over 28 years of combined experience in finance and leadership disciplines. He was formerly co-founder and CFO of two upstream resource companies (Seven Generations Energy and Toro Oil & Gas), and served as CFO of two technology companies. Mr. Phaneuf has led both domestic and international corporate development divisions for small and large enterprises with operations in North America, China, Latin America and the Middle East. (Ivanhoe Energy and Churchill Corporation). He was the Treasurer and part of the deal team for Western Oil Sands' \$7 billion corporate divestiture to Marathon Oil. Over his career, Mr. Phaneuf has led

or assisted in financings in excess of \$2 billion and has been involved in M&A transactions, inclusive of the Western Oil Sands' divestiture, in excess of \$7.5 billion. His areas of expertise include corporate finance, M&A, modeling, capital markets, financial reporting and strategic planning.

**Dale Shipman, B.A.Sc., P. Eng**

VP Operations

Mr. Shipman brings over 30 years of progressive experience in technical leadership and managerial experience in the oil and gas industry, with extensive knowledge of diverse reservoirs across the Western Canadian Sedimentary Basin. His background features a broad spectrum of skillsets including exploitation, production, reservoir, operations, economics and project management. Mr. Shipman most recently built his skills working with Ridgeback Resources, NAL Resources, Alberta Clipper Energy, Ember Resources, Husky Energy and Numac Energy. In more recent years he led teams developing light oil resource plays in the Cardium and Montney zones as well as liquids-rich gas in the Spirit River play. Under Mr. Shipman's leadership, these plays achieved 30,000 boe/d, while managing annual capital budgets up to \$500 million. While leading PetroBakken's Cardium team, the production grew from 5,000 to 20,000 boe/d over a four year period.

**Geoff Speers,**

**Honours B.Sc., P. Geo, CPDA**

VP Exploration

Mr. Speers brings over 15 years of combined technical experience in the oil and gas industry. He has successfully executed multiple exploration and development drilling/completion programs targeting conventional and unconventional reservoirs including shale oil and gas, steam-assisted gravity drainage (SAGD), and coalbed methane (CBM). Mr. Speers initiated and managed the development plans for over \$1.0 billion of investment in the drilling of over 300 wellbores including 150+ horizontal multi-stage stimulated wellbores across the Western Canadian Sedimentary Basin while serving as Senior Geologist at Pengrowth Energy Corporation. He has also served as a principle geologic advisor on multiple corporate A&D initiatives resulting in over \$3.0 billion of successful corporate acquisitions by Pengrowth. Mr. Speers holds a B.Sc honours degree in addition to being a registered Professional Geologist with APEGA and is a Certified Petroleum Data Analyst registered with the PPDM. Mr. Speers provides volunteer leadership with his professional organization, the Canadian Society of Petroleum Geologists (CSPG).

**Wayne Gaskin, M.Sc., P. Geo**

VP Geosciences & IT

Mr. Gaskin brings over 27 years of combined expertise in data analysis for mining and petroleum exploration and development. He has provided technical support for exploration and development plays in South America and Canada. He was part of a team effort for the early adoption and development of horizontal drilling and multistage fracture technology in the

Montney play. Mr. Gaskin has provided geophysical drilling support for 300+ wells with 97% success rate and 30 MMBOE of reserves. His areas of expertise include the integration of geological, geophysical, engineering and technology. The former companies of note include Potash Corporation of Saskatchewan (M.Sc), Veritas Seismic, Numac Energy, Hunt Oil Company of Canada, Advantage Oil and Gas, Crew Energy and Enerplus.

#### Timing to Close and Public Listing

The Company anticipates working towards completion of the various regulatory requirements over the course of Q1 2022. It is forecasted the Proposed Transaction will close during the second quarter of 2022, upon which the Resulting Issuer Shares will commence trading on the TSXV. Further announcements will be made as this initiative continues.

All information contained in this press release with respect to GLC and VAR was supplied by the respective party for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

For more information, please see the press release of VAR dated February 10, 2022.

#### **About Grounded Lithium Corp.**

GLC is a private lithium brine exploration and development company that will continue to add to its opportunity base while in parallel, commence delineation operations of the lithium brine potential across its current mineral rights position.

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

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#### **Forward-Looking Statements**

This press release may contain forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. The opinions, forecasts, projections and statements about future events or results, are forward looking information, forward-looking statements or financial outlooks (collectively, "**forward-looking statements**") under the meaning of applicable Canadian securities laws. These statements are made as of the date of this press release and the fact that this press release remains available does not constitute a representation by GLC that the Company believes these forward-looking statements continue to be true as of any subsequent date. Although GLC believes that the assumptions underlying, and expectations reflected in, these forward-looking statements are reasonable, it can give no assurance that these assumptions and expectations will prove to be correct. Such statements include, but are not limited to, the anticipated closing of the Offering, statements

pertaining to the anticipated use of proceeds from the Offering, statements about future working capital and shareholder value of the Company, projected objectives, expectations and intentions of the Company, the future development of the Company's business, the Proposed Transaction, the capitalization of the Resulting Issuer, the listing of the Resulting Issuer Shares on the TSXV, and the anticipated closing date of the Proposed Transaction.

Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: GLC's expectation that its operations will be in Western Canada, unexpected problems can arise due to technical difficulties and operational difficulties which impact the production, transport or sale of its products; geographic and weather conditions can impact the production; the risk that current global economic and credit conditions may impact commodity prices and consumption more than GLC currently predicts; the risk that unexpected delays and difficulties in developing currently owned properties may occur; the failure of drilling to result in commercial projects; unexpected delays due to the limited availability of drilling equipment and personnel; the failure to satisfy conditions precedent of the Proposed Transaction, including but not limited to obtaining requisite shareholder and TSXV approval of the Proposed Transaction; and the other risk factors detailed from time to time in GLC's periodic reports. GLC's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

**This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.**