

ATAC Resources Ltd. Announces Signing of Definitive Agreement with Hecla Mining Company

VANCOUVER, BC, April 6, 2023 /CNW/ - ATAC Resources Ltd. ("**ATAC**") (TSXV: ATC) (OTCQB: ATADF) is pleased to announce that further to its press release dated February 21, 2023 the Company has entered into a definitive agreement (the "**Arrangement Agreement**") with Hecla Mining Company ("**Hecla**") (NYSE:HL) whereby Hecla will acquire all of the issued and outstanding shares of ATAC for consideration payable in shares of Hecla and in shares of a new exploration company, named Cascadia Minerals Ltd. ("**Cascadia**") (the "**Transaction**"). The consideration will consist of 0.0166 common shares in the capital of Hecla and 0.1 common shares in the capital of Cascadia for each one ATAC common share held (the "**Transaction Consideration**"). The Hecla shares to be received by ATAC shareholders represent a value of C\$0.14 per ATAC share held based on Hecla's 5-day volume-weighted average trading price ending April 3, 2023.

The Transaction Consideration represents value to ATAC shareholders of C\$31 million in Hecla shares and a value of approximately C\$8 million in Cascadia shares based on Hecla's C\$2 million placement¹. The Hecla shares provide ATAC shareholders with a premium of 66% based on ATAC's 20-day volume-weighted average price of C\$0.0845 as of February 17, 2023, the last trading day preceding announcement of the letter of intent, or a 109% premium when including the value of Cascadia shares received.

Benefits to ATAC Shareholders:

- **Immediate premium:** The Transaction Consideration represents a significant premium to ATAC's pre-announcement share price;
- **Trading liquidity and capital markets profile:** Ownership in Hecla provides ATAC shareholders with increased liquidity and an enhanced capital markets profile via ownership of Hecla shares which has a market capitalization exceeding US\$3.5bn;
- **Hecla ideally placed to advance the Rackla Gold Property ("**Rackla**"):** Hecla's strong balance sheet, technical abilities and operating experience in the Yukon make it ideally suited to advance the district-scale Rackla project to the development stage; and,
- **Retention of exploration properties:** ATAC shareholders retain exposure to four exciting copper and gold exploration properties in the Yukon and BC, including the new Catch discovery in central Yukon and the PIL property in the heart of the Toadoggone region of BC.

"I am extremely proud of the work of the hundreds of people who have been involved with ATAC and more specifically Rackla over the last sixteen years. Working with and witnessing the growth, development, and success of so many incredible people has been a highlight of my career and I would like to thank everyone involved for their contributions," stated ATAC's president and CEO, Graham Downs. *"Hecla is very well suited to carry on the work we started at Rackla. Completion of this transaction will benefit ATAC shareholders as Hecla has the resources and development experience to advance Rackla in a less dilutive and timely fashion. Not only will shareholders maintain their exposure to the Rackla project, but shareholders will also gain additional exposure to Hecla's operating mines and development projects in the Americas. Additionally, ATAC*

shareholders will receive shares of Cascadia Minerals Ltd., a new copper and gold focused exploration company. Cascadia's flagship assets will be the Catch property in central Yukon, which hosts a brand-new copper-gold discovery – with a maiden diamond drill program planned for late summer – and the PIL property in the heart of BC's Toodoggone region. We look forward to working with Hecla to complete this transaction and are excited to aggressively explore for critical minerals once Cascadia is launched."

"Our technical expertise, balance sheet strength, and location of assets in Yukon makes Hecla uniquely suited to advance the Rackla and Connaught properties," said Phillips S. Baker Jr., President and CEO of Hecla. "With this transaction, ATAC shareholders will now have exposure to the largest U.S. silver producer and soon to be Canada's largest, with operating mines in tier one jurisdictions and a portfolio of exploration projects across North America. We look forward to continuing our work with the First Nation of Na-Cho Nyäk Dun and the wider Yukon community."

1) C\$8.1 million value of Cascadia received by ATAC shareholders is calculated by multiplying the implied equity capitalization of Cascadia of \$10.05 million, based on Hecla's investment of \$2 million to receive a 19.9% basic interest in Cascadia, by the 80.1% interest in Cascadia received by ATAC shareholders.

Cascadia Summary

Cascadia will hold all of ATAC's rights and interests with respect to the Catch, PIL, Rosy and Idaho Creek projects (the "**Cascadia Assets**"), subject to a right of first refusal to Hecla to acquire any or all of the Cascadia Assets, as well as ATAC's cash balance following completion of the Transaction, creating a premier copper-gold focused Yukon and BC explorer. ATAC's existing management team will move to Cascadia to focus their efforts on exploring and developing the Cascadia Assets. Cascadia's initial focus will be the Catch property in central Yukon and the PIL property in northern British Columbia.

"The copper-gold porphyry-related Catch discovery presents a compelling grassroots exploration opportunity in an underexplored portion of the prolific Stikine Terrane, with many characteristics similar to the world-class Red Chris deposit in BC's golden triangle. We are just beginning to scratch the surface of a 5 km long copper-in-soil anomaly and have identified two exciting drill targets for 2023. With Hecla's strategic financing and a strong management team, Cascadia will hit the ground running with fieldwork at Catch leading up to a planned August diamond drill program," stated ATAC's VP Exploration, Adam Coulter. "We also see significant potential at the PIL property in BC, exemplified by a new high-grade at-surface copper discovery at the Spruce zone in 2022. Located in the heart of the Toodoggone region, systematic work to evaluate this district-scale property will continue this summer, refining and prioritizing targets for follow-up drilling."

ATAC intends to apply for a listing of Cascadia Shares on the TSX Venture Exchange (the "**TSXV**"). Any such listing will be subject to Cascadia fulfilling all the requirements of the TSXV.

Hecla has agreed to make a C\$2.0 million strategic investment (the "**Strategic Investment**") into Cascadia in which Hecla will acquire 5,502,957 units of Cascadia (the "**Cascadia Units**") at a price of C\$0.36 per Cascadia Unit. Each Cascadia Unit will contain one common share of Cascadia (a "**Cascadia Share**") and one warrant (a "**Cascadia Warrant**"). Each Cascadia Warrant will entitle Hecla to purchase one additional Cascadia Share for a period of five years at a price of C\$0.36. Following completion of the Transaction and the Strategic Investment, ATAC shareholders will own 80.1% and Hecla will own 19.9% of Cascadia's issued and outstanding common shares.

Catch Property Highlights

ATAC recently staked additional claims at the Catch property, located in central Yukon, nearly doubling its size to a total of 71 km². High-grade copper and gold mineralization has been identified in outcrops across a 500 m extent in the Main Zone, with rock samples returning peak values of 3.06% copper and 14.6 g/t gold. A mineralized diorite porphyry, grading 1.27% copper with 0.57 g/t gold, was discovered late in the 2022 field season, located 2 km south of the Main Zone. None of

these targets have been diamond drilled.

Numerous high-grade copper soil samples have yet to see systematic follow-up, and much of the recently expanded property remains unsampled. Planning is underway to return to Catch for additional prospecting, soil sampling and geophysics in May, with diamond drilling slated to begin later in summer 2023, after the Transaction has closed.

PIL Property Highlights

The PIL property is a district-scale 151.5 km² land package located in the heart of the Toodoggone district in northern British Columbia. This underexplored area hosts numerous highly prospective copper-gold porphyry and epithermal gold-silver targets. 2022 exploration at PIL returned high-grade samples from prospecting, including 18.40% copper with 111 g/t silver at the Spruce target, 78.30 g/t gold with 2,830 g/t silver at the Atlas target, and 3.89% copper with 173 g/t silver in a large underexplored 2.3 x 1.5 km copper-gold soil anomaly at the PIL South target.

Desktop work is underway to compile and prioritize targets from the vast database of historical work completed on the project, with fieldwork planned to begin in June.

Transaction Summary

The Transaction will be effected by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia), requiring the approval of: (i) at least 66 2/3% of the votes cast by the shareholders, option holders and certain warrant holders of ATAC, voting together as a single class (the "**Arrangement Resolution**"); and (ii) a simple majority of the votes cast by holders of ATAC shares at a special meeting of ATAC's securityholders called to consider, among other matters, the Arrangement Resolution and the Transaction (the "**Meeting**").

The directors and officers of ATAC have entered into voting support agreements with Hecla, pursuant to which they have agreed, among other things, to vote their ATAC securities in favour of the Arrangement Resolution and the Transaction.

In addition to shareholder and court approvals, the Transaction is subject to applicable regulatory approvals including, but not limited to, TSX Venture Exchange acceptance and the satisfaction of certain other closing conditions customary in transactions of this nature. The Arrangement Agreement contains customary provisions including non-solicitation, "fiduciary out" and "right to match" provisions, as well as a C\$1.65 million termination fee payable to Hecla under certain circumstances. The Arrangement Agreement, which describes the full particulars of the Arrangement, will be made available on SEDAR under ATAC's issuer profile at www.sedar.com. Full details of the Transaction will be included in ATAC's management information circular to be mailed to shareholders, option holders and certain warrant holders in relation to the Meeting, which will be made available on SEDAR under ATAC's issuer profile at www.sedar.com. Security holders of ATAC are urged to read the management information circular and the Arrangement Agreement.

ATAC will make further announcements regarding the Meeting and closing of the Transaction, which are expected to take place in late Q2.

Board of Directors' and Special Committee Recommendations

The Arrangement Agreement has been unanimously approved by the Boards of Directors of ATAC and Hecla. The Board of Directors of ATAC has evaluated the Arrangement Agreement with its management and legal and financial advisors and, following receipt and review of a unanimous recommendation from the special committee of the Board of Directors (the "**Special Committee**") in favour of the Transaction, the ATAC Board of Directors unanimously determined that the Arrangement Agreement is in ATAC's best interests, and unanimously recommend that ATAC

securityholders vote in favour of the Arrangement Resolution and the Transaction.

Fort Capital Partners has provided a fairness opinion to the Special Committee. The opinion states that, as of the date of such opinion, and based upon and subject to the assumptions, limitations and qualifications stated in such opinion, the consideration to be paid under the Transaction is fair, from a financial point of view, to ATAC shareholders.

Advisors and Counsel

Agentis Capital Mining Partners is acting as financial advisor to ATAC with regard to the Transaction. ATAC's Special Committee engaged Fort Capital Partners to provide an independent fairness opinion. Stikeman Elliott LLP is acting as legal counsel to ATAC.

About ATAC

ATAC is a Canadian exploration company focused on exploring for gold and copper in Yukon, BC and Nevada. Work on its ~1,700 km² Rackla Gold Property in Yukon has resulted in the Osiris Deposit Indicated Resource of 732,000 oz of gold at 4.12 g/t (in 5.5 Mt) and Inferred Resource of 1,044,000 oz of gold at 3.47 g/t (in 9.4 Mt), the Tiger Deposit Measured & Indicated Resource of 464,000 oz of gold at an average grade of 3.19 g/t (in 4.5 Mt), a positive Preliminary Economic Assessment for the Tiger Gold Deposit (Pre-tax NPV of \$118.2M and IRR of 54.5%), and numerous early-stage gold and base metal discoveries. ATAC is well-financed with approximately \$4 million in working capital.

The technical information in this news release has been approved by Adam Coulter, M.Sc., P.Geo., VP Exploration for ATAC and a qualified person for the purposes of National Instrument 43-101.

About Hecla

Founded in 1891, Hecla Mining Company is the largest silver producer in the United States. In addition to operating mines in Alaska, Idaho, and Quebec, Canada, the Company is developing a mine in the Yukon, Canada, and owns a number of exploration and pre-development projects in world-class silver and gold mining districts throughout North America.

On behalf of ATAC Resources Ltd.

Graham Downs, President, CEO, and Director

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE

Cautionary note regarding forward-looking statements:

This press release may contain "forward-looking information" within the meaning of applicable securities laws. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. The statements in this press release are made as of the date of this press release. The Company undertakes no obligation to update forward-looking information, except as required by securities laws.

Cautionary Note to U.S. Investors concerning estimates of Measured, Indicated, and Inferred Resources:

The mineral resource estimates included in this press release have been prepared in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The United States Securities and Exchange Commission (the "SEC") has adopted amendments to its

disclosure rules to modernize the mineral property disclosure requirements. U.S. investors are cautioned that the disclosure ATAC provides on its mineral properties in this news release may be different from the disclosure that an issuer subject to SEC reporting requirements would otherwise be required to provide. Therefore, the information contained in this news release containing descriptions of ATAC's mineral properties may not be comparable to similar information made public by U.S. companies subject to reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder.

Additional information about the Tiger Deposit PEA is summarized in ATAC's February 27, 2020 technical report titled "Technical Report and Preliminary Economic Assessment for the Tiger Deposit, Rackla Gold Project, Yukon, Canada", which can be viewed at www.sedar.com under the ATAC profile or on the ATAC website at www.atacresources.com. Additional information about the Osiris Resource Estimate is summarized in ATAC's July 28, 2022 technical report titled "Technical Report and Estimate of Mineral Resources for the Osiris Project, Yukon, Canada", which can be viewed at www.sedar.com under the ATAC profile or on the ATAC website at www.atacresources.com.

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