Valencia Capital Inc.
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Valencia Capital Inc. Announces Proposed Qualifying Transaction

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March 6, 2023 - Vancouver, BC - Valencia Capital Inc. (TSXV: VAL.P) ("Valencia" or the" Company") is pleased to announce that it has entered into a non-binding letter of intent dated February 28, 2023 (the "LOI") for the acquisition (the "Proposed Transaction") of all of the issued and outstanding common shares of Helios Extraction Limited LLC ("Helios"), a corporation existing under the laws of the State of Wyoming, through the acquisition of all of the issued and outstanding common shares of VPP Energy Corp. ("VPP"), a private company formed pursuant to the laws of British Columbia. Before Valencia acquires all of the issued and outstanding shares of VPP, VPP shall first acquire all of the issued and outstanding shares of Helios. The parties agreed that the final structure of the Proposed Transaction is subject to receipt of tax, corporate and securities law advice for Valencia, VPP and Helios.

Valencia is a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario, and the Proposed Transaction is intended to constitute the Company's qualifying transaction ("Qualifying Transaction") under Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Proposed Transaction will result in the listing for trading of the shares of the resulting issuer (the "Resulting Issuer") on the Exchange as of the effective time of the Qualifying Transaction.

Valencia is incorporated under the *Business Corporations Act* (British Columbia) and, as of the date hereof, has outstanding 11,383,900 common shares (the "Currently Outstanding Valencia Shares"). There are also 1,138,900 stock options (the "Valencia Options") outstanding. Prior to closing of the Proposed Transaction, Valencia will consolidate the Currently Outstanding Valencia Shares on the basis of one post-consolidation Currently Outstanding Valencia Share for every two pre-consolidation Currently Outstanding Valencia Shares (the "Consolidation").

A more comprehensive news release will be issued by Valencia disclosing details of the Proposed Transaction, including financial information respecting VPP and Helios, the names and backgrounds of all persons who will constitute insiders of the Resulting Issuer, and information respecting sponsorship, once an agreement has been finalized and certain conditions have been met, including:

i) approval of the Proposed Transaction by Valencia's Board of Directors;
ii) satisfactory completion of due diligence; and
iii) execution of the definitive agreement.

Shareholder approval will be required with respect to the Proposed Transaction under the rules of the Exchange if the Proposed Transaction constitutes a Non-Arm's Length Qualifying Transaction as that term is defined in Policy 2.4 of the Exchange. In addition, once the structure of the Proposed Transaction has been finalized, shareholder approval under corporate law may also be required.

All amounts referred herein are in Canadian dollars, unless otherwise indicated.

About Valencia Capital Inc.

Valencia was formed in 2019 as a capital pool company and had its shares listed for trading on the Exchange in August 2020 after completing an initial public offering. Valencia has had no operating business as it reviewed opportunities for its Qualifying Transaction.

About VPP Energy Corp. & Helios Extraction Limited LLC

VPP is a private company incorporated under the *Business Corporations Act* (British Columbia). VPP has signed the LOI with Valencia and Helios (www.extracthelios.com), a corporation existing under the laws of Wyoming, having a registered office at 30 N Gould Street Suite R, Sheridan, WY 82801. Helios owns and has options on mineral exploration licenses in the Holbrook Basin, Arizona. The Holbrook basin has a long history of helium production and has recently seen a surge in exploration activity. The LOI outlines the terms for a 100% acquisition of Helios by VPP prior to the 100% acquisition of VPP by Valencia.

Terms of the Proposed Transaction

Valencia shall acquire all of the issued and outstanding common shares in the capital of VPP from the holders thereof in exchange for 52,000,000 common shares in the capital of Valencia at a deemed price of $0.25 per share, for a deemed valuation of $13,000,000. It is a condition of the Proposed Transaction that VPP acquires all of the issued and outstanding common shares of Helios prior to Valencia acquiring all of the issued and outstanding shares of VPP.

In addition to completing the Consolidation, the Resulting Issuer will change its name to a name acceptable to VPP, subject to approval by the applicable regulatory authorities.

Valencia will also advance a $250,000 loan to VPP secured by a general security agreement over VPP and Helios prior to the completion of the Qualifying Transaction.

Proposed Concurrent Financing

Concurrently with the closing of the Proposed Transaction, Valencia will complete an equity financing (the "Concurrent Financing") for minimum aggregate gross proceeds of $5,250,000 at a price of $0.25 per common share which may close in tranches at a price of not less than $0.25 per common share. All securities issued by Valencia pursuant to the Concurrent Financing will be subject to a hold period as set forth by the Exchange. The proceeds of the Concurrent Financing will be used to fund the costs associated with completing the Proposed Transaction, and for general working capital of Valencia and the Resulting Issuer, as applicable.

Valencia may pay fees commensurate with industry norms and in accordance with the Policies of the Exchange in connection with the Concurrent Financing.

Capitalization of the Resulting Issuer

Upon closing of the Qualifying Transaction, Valencia expects to issue 52,000,000 common shares to the former shareholders of VPP. Valencia also expects to issue 21,00,000 common shares, along with 2,600,000 shares in finders' fees, upon the closing of the Concurrent Financing. After the Consolidation is completed, there will be 5,691,950 common shares of Valencia, and upon closing of the Qualifying Transaction, the Resulting Issuer is expected to have 81,291,950 issued and outstanding common shares at a deemed issue price of $0.25 per share, resulting in a proposed valuation of $20,322,987.

Upon completion of the Proposed Transaction: (i) all Valencia common shares to be issued to the former VPP shareholders may be subject to resale restrictions under securities laws and the Policies of the Exchange, as applicable, and (ii) all common shares held by Principals (as such term is defined in the Policies of the Exchange) of Valencia and the Resulting Issuer will be held in escrow in accordance with the Policies of the Exchange.

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Trading Halt

The Valencia Shares will remain halted until completion of the Qualifying Transaction. Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and, if applicable, pursuant to Exchange requirements, majority of the minority shareholder approval or shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction 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 a capital pool company should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release. All information contained in this news release with respect to Valencia, VPP and Helios was supplied by the parties, respectively, for inclusion herein, and Valencia and its directors and officers have relied on VPP and Helios for any information concerning VPP and Helios. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the Policies of the Exchange) accepts responsibility for the adequacy or accuracy of this press release.

For more information please contact:
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This news release does not constitute an offer to sell and is not a solicitation of an offer to buy any securities in the United States. The securities of the Company and B.C. Ltd. 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 may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws unless pursuant to an exemption from such registration.

Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements relating to the timing and completion of the Proposed Transaction, the future operations of the Company and the Resulting Issuer and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the Proposed Transaction and the future plans and objectives of the Company and the Resulting Issuer, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the failure to satisfy the conditions to completion of the Proposed Transaction.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.