

Hilo Mining and Capella Minerals Announce Signing of Definitive Agreement to Earn up to 80% in Finnish Lithium Project

Vancouver, British Columbia--(Newsfile Corp. - March 20, 2023) - Hilo Mining Ltd. (TSXV: HILO) ("**Hilo**" or the "**Company**") is pleased to announce that it has entered into a definitive earn-in agreement (the "**Earn-In Agreement**") with Capella Minerals Limited (TSXV: CMIL) (OTCQB: CMILF) (FSE: N7D2) ("**Capella**") to earn up to an 80% interest in a portfolio of lithium (lithium-cesium-tantalum, or "LCT") and rare-earth element ("REE") pegmatite reservations held by Capella in central Finland (the "**Property**").

The portfolio consists of five lithium (lithium-cesium-tantalum, or "LCT") and rare-earth element ("REE") pegmatite reservations in central Finland. These reservations cover a total area of 2,300 square kilometers and are focused on LCT pegmatite complexes located within the Järvi-Pohjanmaa and Seinäjoki lithium-permissive tracts as defined by the Geological Survey of Finland ("GTK"). Four of the reservations (Nabba, Lappajärvi W, Lappajärvi E, and Kaatiala) lie immediately adjacent to, and to the south of, Keliber Oy's spodumene mine development project in the Kaustinen district.

"I'm pleased to announce the Earn-In Agreement and look forward to partnering with Capella on the exploration and development of this project," said Jeremy Poirier, the Chief Executive Officer of the Company. He continued, "I'm excited about the prospect to be part of the growth of lithium and REE production in Finland, which I believe itself has the potential to become one of Europe's major sources of these critical commodities."

Eric Roth, Capella's President and CEO commented: "We are extremely pleased to be partnering together with Hilo on the advancement of this highly-prospective portfolio of lithium-REE projects in central Finland. Little systematic exploration has been undertaken in recent years within this belt, and our immediate goal will be to bring priority target areas with spodumene-bearing pegmatites to drill-ready status. We look forward to keeping all stakeholders updated on our progress."

Hilo is focusing on Finland as a direct result of its favourable geology for spodumene-hosted pegmatite deposits, the mining friendly jurisdiction, and the ratification on March 16, 2023, of the European Commission Critical Raw Minerals Act ("ECRM"), which has been designed to support the development of a resilient European supply chain of both lithium and REE's. The ECRM includes the setting of benchmarks by 2030 for domestic capacities in the fields of critical metal extraction, processing, and recycling. Hilo's enhanced Li-REE portfolio provides the Company an opportunity to become one of the EU's major sources of these commodities.

In parallel, the Norwegian government has also thrown support behind the construction of a lithium-ion battery gigafactory in the northern city of Mo I Rana. This plant, which is currently expected to enter in to operation in 2025, is part of a broader governmental strategy to take advantage of the abundance of low-cost renewable (hydroelectric) energy in-country and become a major contributor to future lithium battery production.

Further information on the portfolio of lithium-REE projects in central Finland is available at: <https://capellaminerals.com/projects/lithium-ree-finland/central-finland-portfolio/>

The European Commission's March 16, 2023, News Release relating to the implementation of the Critical Raw Minerals Act may be found at:

https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661

Terms of the Earn-In Agreement

- Hilo has the option to earn a 51% interest in the Property (the "**Initial Option**") by (i) making a cash

payment of \$100,000 and issuing 100,000 common shares to Capella upon receiving TSX Venture Exchange approval of the Earn-In Agreement; (ii) completing \$500,000 in expenditures on the Property and issuing 150,000 common shares to Capella on before the first anniversary of the Earn-In Agreement; and (iii) completing an additional \$500,000 in expenditures on the Property, paying \$100,000 in cash and issuing 250,000 common shares to Capella on or before the second anniversary of the Earn-In Agreement. Upon exercise of the Initial Option, Hilo will become the operator of the Property.

- Following exercise of the Initial Option, Hilo will have a further option to earn an additional 29% interest in the Property (the "**Final Option**") by (i) completing \$500,000 in expenditures on the Property, paying \$150,000 in cash and issuing 750,000 common shares to Capella on or before the third anniversary of the Earn-In Agreement; and (ii) completing \$1,000,000 in expenditures on the Property, paying \$150,000 in cash and issuing 750,000 common shares to Capella on or before the fourth anniversary of the Earn-In Agreement.
- If, on the date of the exercise of the Final Option, the Property hosts a mineral resource equal or greater than 10 million metric tons with a minimum average grade of 1.0% Lithium Oxide (Li₂O) the Company will make a bonus cash payment of \$500,000 and issue 1,000,000 common shares to Capella.
- The parties have the option to form a joint venture upon exercise of the Initial Option or to defer the joint venture formation until the exercise of the Final Option.
- The transaction remains subject to TSX Venture Exchange approval.

Hilo also clarifies that the 800,000 restricted share units announced in its March 6, 2023 will vest one year from the date of grant in accordance with the policies of the TSX Venture Exchange.

Qualified Persons and Disclosure Statement

The technical information in this news release relating to the Finnish Li-REE projects has been prepared in accordance with Canadian regulatory requirements set out in NI 43-101, and approved by Eric Roth, Capella's President & CEO, a Director, and a Qualified Person under NI 43-101. Mr. Roth holds a Ph.D. in Economic Geology from the University of Western Australia, is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and is a Fellow of the Society of Economic Geologists (SEG). Mr. Roth has 30 years of experience in international minerals exploration and mining project evaluation.

About Hilo Mining Ltd.

Hilo Mining Ltd. is a junior mining company currently focussed on the Champ precious metal property near Castlegar, British Columbia. In addition, the Company is currently reviewing additional opportunities to increase shareholder value.

About Capella Minerals Ltd.

Capella is engaged in the acquisition, exploration, and development of quality mineral resource properties in favourable jurisdictions with a focus on European base and battery metals projects.

In Norway, the Company's focus is on: i) the advanced exploration-stage Hessjøgruva copper-cobalt project and the adjacent Kongensgruve and Kjøliløkken projects in the northern Røros mining district, Trøndelag province, ii) the discovery of satellite high-grade copper-cobalt deposits around the past-producing Løkken copper mine, Trøndelag province, and iii) the discovery of new copper-cobalt deposits in the former Vaddas-Birtavarre mining district of northern Norway.

In Finland, the Company's focus is on the discovery of lithium and rare-earth element deposits at both its Perho reservation and a portfolio of reservations under JV to Hilo Mining in Central Finland. In addition, the Company is currently permitting exploring the Katajavaara-Aakenus gold-copper project in the

Central Lapland Greenstone Belt together with JV partner Cullen Resources Ltd.

The Company also retains exposure to exploration success in precious metals projects through its active Canadian Joint Ventures with Prospector Metals Corp at Savant (Ontario) and Yamana Gold Inc. at Domain (Manitoba). The Company also retains a residual interest (subject to an option to purchase agreement with Austral Gold Ltd) in the Sierra Blanca gold-silver divestiture in Santa Cruz, Argentina.

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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 release.

Cautionary Statements Regarding Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable securities legislation. Forward-looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. Such statements include, without limitation, statements regarding the future results of operations, performance and achievements of Hilo including the completion of the transactions contemplated in the Earn-In Agreement, future exploration results on the Property and the future development of lithium-REE deposits in Northern Europe. Although Hilo believes that such statements are reasonable, it can give no assurances that such expectations will prove to be correct. All such forward-looking information is based on certain assumptions and analyses made by Hilo in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. This information, however, is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Important factors that could cause actual results to differ from this forward-looking information include those described under the heading "Risks and Uncertainties" in Hilo's most recently filed MD&A. Hilo does not intend, and expressly disclaims any obligation to, update or revise the forward-looking information contained in this news release, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information.

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