

NEWS RELEASE

1317198 B.C. LTD. AND IBERAMERICAN LITHIUM INC. ANNOUNCE EXECUTION OF BUSINESS COMBINATION AGREEMENT AND IBERAMERICAN'S CONCURRENT FINANCING

TORONTO, ON – June 12, 2023 – 1317198 B.C. Ltd. (“**131**” or the “**Company**”) and IberAmerican Lithium Inc. (“**IberAmerican**”) are pleased to announce that the Company, IberAmerican and 1000513020 Ontario Inc. (“**Subco**”), a wholly-owned subsidiary of the Company, have entered into a business combination agreement dated April 25, 2023 (the “**Business Combination Agreement**”) pursuant to which the Company will acquire IberAmerican by way of a three-cornered amalgamation, which result in the reverse takeover of 131 by IberAmerican (the “**Proposed Transaction**”). Upon completion of the Proposed Transaction, the Company will continue to carry on the business of IberAmerican (thereafter referred to as the “**Resulting Issuer**”).

Terms of Proposed Transaction

Under the terms of the Business Combination Agreement, the Proposed Transaction will be completed by way of a three-cornered amalgamation under the laws of Ontario, whereby Subco and IberAmerican will amalgamate, and the resulting amalgamated entity will survive as a wholly-owned subsidiary of the Company. Immediately prior to or concurrently with closing of the Proposed Transaction, the Company is expected to change its name to “IberAmerican Lithium Corp.” or such other name as is determined by IberAmerican and the Neo Exchange Inc., now owned by Cboe Global Markets Inc and operating as Cboe Canada (“**Cboe**”) and complete the Concurrent Financing (as described below). Following completion of the Proposed Transaction, the Resulting Issuer will hold all of IberAmerican’s assets. IberAmerican’s portfolio includes interests in mineral properties in Spain.

Pursuant to the terms of the Business Combination Agreement, completion of the Proposed Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Proposed Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction and approval of Cboe, for the listing of the common shares of the Resulting Issuer (the “**Resulting Issuer Common Shares**”), 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.

A listing statement will be prepared and filed in accordance with the policies of Cboe. Additional information regarding the Proposed Transaction as required by the policies of Cboe will follow in a press release at a later date.

Concurrent Financing

In connection with the Proposed Transaction, IberAmerican is pleased to announce that it has entered into an agreement with PowerOne Capital Markets Limited as a lead agent (the “**Lead Agent**”) and on behalf of a syndicate of agents (together with the Lead Agent, the “**Agents**”) to complete a commercially reasonable efforts brokered private placement of at least 28,000,000 subscription receipts of IberAmerican (the “**IberAmerican Subscription Receipts**”) at a price of \$0.25 per IberAmerican Subscription Receipt (the “**Issue Price**”), for minimum gross proceeds to IberAmerican of \$7,000,000 (the “**Concurrent Financing**”).

Each IberAmerican Subscription Receipt will automatically convert, immediately prior to the effective time of the amalgamation, into one unit of IberAmerican (each an “**IberAmerican Unit**”), comprised of one common share of IberAmerican (each an “**IberAmerican Common Share**”) and one-half of one warrant of IberAmerican (each whole warrant, an “**IberAmerican Warrant**”). Each IberAmerican Warrant will entitle the holder to acquire an IberAmerican Common Share at a price of \$0.40 at any time prior to the 36-month anniversary of the date the Escrow Release Conditions (as defined herein) are satisfied. Upon completion of the Proposed Transaction, each IberAmerican Common Share shall be exchanged for one Resulting Issuer Common Share and each IberAmerican Warrant shall be exchanged for one warrant of the Resulting Issuer, exercisable for one Resulting Issuer Common Share (the “**Resulting Issuer Warrants**”), on economically equivalent terms.

The Company has granted the Agents an option, exercisable in whole or in part, 48 hours prior to the Closing Date (as defined herein), to increase the size of the Concurrent Financing by selling such number of additional IberAmerican Subscription Receipts as is equal to 15% of the IberAmerican Subscription Receipts sold under the Concurrent Financing.

The Concurrent Financing will be conducted pursuant to the terms of an agency agreement (the “**Agency Agreement**”) to be entered into between the Agents and IberAmerican on or prior to the Closing Date. IberAmerican has agreed to pay the Agents a cash fee equal to 6.0% of the gross proceeds of the Concurrent Financing (the “**Cash Commission**”) and to issue that number of brokered warrants equal to 6% of the total number of IberAmerican Subscription Receipts sold under the Concurrent Financing (each a “**Broker Warrant**”). Each Broker Warrant will be exercisable at an exercise price of \$0.25 to acquire one unit of IberAmerican consisting of one IberAmerican Common Share and one-half of one IberAmerican Warrant (or the equivalent security of the Resulting Issuer following completion of the Proposed Transaction) at any time during the thirty-six (36) months following the date on which the Escrow Release Conditions (as defined herein) are fully satisfied or waived, or the closing of the Offering, if the RTO Transaction is not completed.

The net proceeds from the Concurrent Financing, less 50% of the Cash Commission (the “**Escrowed Funds**”) will be deposited in escrow pursuant to the terms of a subscription receipt agreement (the “**Subscription Receipt Agreement**”) with a Canadian trust company or other entity (the “**Subscription Receipt Agent**”) mutually acceptable to IberAmerican and the Lead Agent, to be released to the Agents only if the Proposed Transaction is completed.

Upon satisfaction of the Escrow Release Conditions (as defined herein) and prior to the Escrow Release Deadline (as defined herein), the Subscription Receipt Agent will release the Escrowed Funds to the Lead Agent and IberAmerican.

Pursuant to the terms of the Subscription Receipt Agreement, the IberAmerican Subscription Receipts shall automatically convert to IberAmerican Units upon all of the following conditions having been met or otherwise waived:

- (a) the execution of the Business Combination Agreement;
- (b) written confirmation from each of IberAmerican and the Company that all conditions precedent to the completion of the Proposed Transaction in accordance with the terms of the Business Combination Agreement having been satisfied without any material amendment and the Business Combination Agreement not having been materially amended, and IberAmerican and the Company, except for those conditions precedent that have been waived, or amendments that have been consented to, by the Lead Agent, on behalf of the Agents, in its sole discretion;
- (c) IberAmerican and the Company, as applicable, not being in breach or default of any of their material covenants or obligations under the Business Combination Agreement, the Subscription Receipt Agreement or, in the case of IberAmerican, the Agency Agreement, except for those breaches or defaults that have been waived by the Lead Agent, on behalf of the Agents;
- (d) all conditions set out in the Agency Agreement having been fulfilled, which shall all be confirmed to be true in a certificate of a senior officer of IberAmerican addressed to the Agents;
- (e) the receipt of all required regulatory, shareholder and third-party approvals, if any, required in connection with the Proposed Transaction (including the issuance of the IberAmerican Units, IberAmerican Common Shares and IberAmerican Warrants upon conversion of the IberAmerican Subscription Receipts and the issuance of the Resulting Issuer Common Shares and Resulting Issuer Common Shares on completion of the Proposed Transaction) and the listing of the Resulting Issuer Common Shares on Cboe;
- (f) delivery to the Agents of a satisfactory title opinion in respect of the Alberta II project;
- (g) the satisfaction of such other customary escrow release conditions requested by IberAmerican or the Lead Agent, acting reasonably, to be set out in the Subscription Receipt Agreement; and

- (h) the delivery by IberAmerican and the Lead Agent of a release certificate to the Subscription Receipt Agent confirming that, other than delivery of such notice, the Escrow Release Conditions have been met or waived,

(collectively, the “**Escrow Release Conditions**”).

IberAmerican shall use commercially reasonable efforts to satisfy the Escrow Release Conditions by the Escrow Release Deadline. In the event that:

- (a) the Escrow Release Conditions are not satisfied at or before 11:59 p.m. (Toronto time) on the date that is 180 days after the Closing Date (as the same may be extended in accordance with the terms of the Subscription Receipt Agreement as described below) (the “**Escrow Release Deadline**”), and unless the requisite approval is obtained pursuant to and in accordance with the terms of the Subscription Receipt Agreement (as defined herein);
- (b) prior to the Escrow Release Deadline, IberAmerican advises the Agents or announces to the public that it does not intend to or cannot satisfy any one or more of the Escrow Release Conditions; or
- (c) the Business Combination Agreement is terminated in accordance with its terms at any earlier time,

the Subscription Receipt Agent shall return within five (5) business days, to each holder of IberAmerican Subscription Receipts, an amount equal to the Issue Price for the IberAmerican Subscription Receipts held by such holder plus a *pro rata* share of any interest or other income earned on the Escrowed Funds (less applicable withholding tax, if any). To the extent that the Escrowed Funds are insufficient to refund 100% of the Issue Price to the holders of the IberAmerican Subscription Receipts, IberAmerican will be liable for and will be required to contribute such amounts as are necessary to satisfy any shortfall.

The Escrow Release Deadline may be extended by the Agents, in its sole discretion, by an additional 90 days. If the Escrow Release Deadline is extended by the Lead Agent, then:

- (a) each IberAmerican Subscription Receipt shall thereafter entitle the holder thereof to receive, upon automatic conversion in accordance with the terms of the Subscription Receipt Agreement, without payment of additional consideration or further action on the part of the holder thereof, 1.1 IberAmerican Units; and
- (b) any holder may request in writing, within the five (5) business day period following the public announcement of the extension of the Escrow Release Deadline, that their IberAmerican Subscription Receipts be cancelled and that the Subscription Receipt Agent return within five (5) business days, to such holder, an amount equal to the Issue Price for the Subscription Receipts held by such holder plus a *pro rata* share of any interest or other income earned on the proceeds of the Offering (less applicable withholding tax, if any).

IberAmerican intends to use the net proceeds of the Concurrent Financing for operating costs and to carry out the recommended work program set forth in the Technical Report for the Alberta II Lithium and Rare Metals Deposit, Ourense Province, Galicia Spain.

The Concurrent Financing will be conducted pursuant to private placement exemptions. Closing of the Concurrent Financing is expected to occur on or about June 28, 2023 or such other date to be agreed to by IberAmerican and the Lead Agent (the “**Closing Date**”).

About IberAmerican

IberAmerican is a private company incorporated under the *Business Corporations Act* (Ontario) on December 19, 2022. IberAmerican carries on the business of the acquisition, exploration and development of resource properties. IberAmerican entered into an option purchase agreement with Strategic Minerals Europe Corp. and Strategic Minerals Spain, S.L.U. dated effective December 28, 2022 whereby IberAmerican acquired a 70% interest in two contiguous mineral permits located in the region of Galicia, Spain.

About the Company and 1000513020 Ontario Inc.

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 27, 2021. The Company is a reporting issuer under the securities laws of the jurisdictions of Alberta and British Columbia. None of its securities, are listed or posted for trading on any stock exchange and no public market exists for any securities of the Company. Additional information on the Company can be found by reviewing its profile on SEDAR.

Subco is a private company incorporated under the *Business Corporations Act* (Ontario) on April 24, 2023, for the purpose of completing the Proposed Transaction.

For more information, please contact:

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All information contained in this news release with respect to 131, IberAmerican, and the Resulting Issuer was supplied by the parties, respectively, for inclusion herein, and 131 and its directors and officers have relied on IberAmerican for any information concerning such party, and IberAmerican and its directors and officers have relied on 131 for any information concerning such party.

Cautionary Statements

Certain statements contained in this news release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words “intend”, “may”, “will”, “expect”, and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company’s current beliefs or assumptions as to the outcome and timing of such future events. In particular, this news release contains forward-looking information relating to the Proposed Transaction and associated transactions, including statements regarding the terms and conditions of the Proposed Transaction and the Concurrent Financing. Although the Company and IberAmerican believe in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Company and IberAmerican can give no assurance that they will prove to be correct. 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 depending on, among other things, the risk that the parties will not proceed with the Proposed Transaction and associated transactions, the ultimate terms of the Proposed Transaction and associated transactions differing from those that currently are contemplated, and the Proposed Transaction and associated transactions not being successfully completed for any reason (including the failure to obtain the required regulatory approvals or clearances). The statements in this press release are made as of the date of this release. The Company and IberAmerican undertake no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Company, IberAmerican, their securities, or their respective financial or operating results (as applicable).

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon.

*This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and applicable U.S. state securities laws. 131 will not make any public offering of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act.*

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Cboe has not in any way passed upon the merits of the Proposed Transaction and associated transactions and neither of the foregoing entities has in any way approved or disapproved of the contents of this press release.

Cboe accepts no responsibility for the adequacy or accuracy of this release.