



NEWS RELEASE

JUNE 29, 2022

**EDM ANNOUNCES FINANCING OF
SCOTIA MINE TO COMMERCIAL PRODUCTION**

Halifax, Nova Scotia, June 29, 2022 – EDM Resources Inc. (TSX-V: EDM) (“EDM” or the “Company”) is very pleased to announce that it has entered into a definitive credit agreement with IXM S.A. (“IXM”) to provide US\$24 million in debt finance to the Company (the “Credit Agreement”), which will finance the Scotia Mine to commercial production. IXM has also entered into offtake agreements with the Company to buy 100% of the zinc and lead concentrates produced at the Scotia Mine, for the first 10 years of production (the “Offtake Agreements”).

The Credit Agreement requires TSX Venture Exchange (the “TSXV”) final approval, with the TSXV granting conditional approval on June 22, 2022. Final TSXV approval will require approval of the Credit Agreement by the Company’s shareholders, which will be sought at the Company’s upcoming annual general meeting to be held in August 2022. Until the final approval has been obtained, no advances may be made to EDM under the Credit Facility, and the security to be granted by the Company and its 100% owned subsidiary, Scotia Mine Limited, will not be put in place.

EDM’s President and CEO, Mr. Mark Haywood, stated: “We are excited to announce that with the signing of the Credit Agreement and Offtake Agreements with IXM, the Scotia Mine will be fully financed through to commercial production, which is anticipated to commence in Q4 2023. The Credit Agreement is subject to shareholder approval, which will be sought at the upcoming AGM in August 2022. Our Board and Management Team expects this approval to be overwhelmingly endorsed.

The completion of the Credit Agreement, Offtake Agreements, and funding the Scotia Mine is a major milestone for EDM, and our shareholders, and we look forward to many years of a successful partnership with IXM and our other stakeholders.

Due to the relatively small amount of capital required to put the Scotia Mine into production, the high quality of the Scotia Mine’s concentrates, and anticipated long mine life, the selection of an offtake partner was a highly competitive process. The Company greatly appreciates the interest of the other offtake groups with which it had been negotiating with for the past year.

In reviewing the offtake proposals and term sheets, EDM obtained independent commercial offtake advice and independent financial advice on the merits of the proposals presented by each of the potential offtake partners, with the Board of EDM voting unanimously on the selection of IXM as the successful financing and offtake partner.”

IXM, established in 2006, operates 12 strategically located offices globally (including Switzerland) and trades in more than 80 countries. With volumes of 6.5 million tonnes of metals originated and shipped in 2021, IXM is one of the largest merchants of non-ferrous metals and plays a key commercial role at each stage of the metals supply chain, fueling the energy transition. At the end of 2021, IXM had consolidated revenues of US\$25 billion.

The Credit Agreement and Offtake Agreements include customary financial and commercial terms, including confidentiality provisions. Highlights of the agreements are summarized below.

Credit Agreement

The borrower under the Credit Agreement is Scotia Mine Limited (“SML”), a wholly owned subsidiary of the Company through which it holds the Scotia Mine. The Company has agreed to guarantee the obligations of SML under the Credit Agreement.

The Credit Agreement makes US\$24 million (approximately C\$31 million) available to the Company until the earlier of the commencement of commercial production at the Scotia Mine and December 21, 2023. The loan will be repaid over a 33-month period commencing nine months after the initial drawdown.

Interest on the loan is of 3-month USD SOFR + 6%. In addition, the Company has agreed to pay IXM an arrangement fee of US\$180,000, and a monthly unused line fee of 2.4% (US\$48,000 per month), which will total US\$372,000 if the first drawdown occurs in January 2023. When the interest on the loan and these additional amounts are taken together, the effective interest rate paid is 10.38% per annum.

The Credit Agreement contains standard conditions precedent to SML making draws, which include SML having all necessary permits, consents and approvals to put the Scotia Mine into commercial production, appropriate insurance, having ESG policies in place, having a third party audit completed, and a First Nations Report, the completion of confirmatory diligence by IXM, the funding of the escrow account described below, the completion of a cost to complete review, no events of default or material adverse effects, and SML having replaced a C\$4 million mining bond by insurance or otherwise prior to the second drawdown.

The Credit Agreement requires among other things that the Company has minimum tangible net worth of US\$6 million, maintains a total debt to equity ratio of less than 4:1, has minimum liquidity of C\$3 million and net debt to EBITA ratio of less than 1.5X, looking back on a quarterly and an annual basis.

An important term of the Credit Agreement is a “cost-to-complete” calculation carried out by a third-party technical expert employed for the benefit of IXM. If this calculation demonstrates that insufficient funding is available for the Company to put the Scotia Mine into commercial production, then (i) there is a draw stop and (ii) the Company is under an obligation to provide additional funding (either as equity or as loans to the SML which can only be repaid after repayment of the IXM credit facility). In addition, SML and the Company must maintain a C\$5 million cash escrow account to fund the ramp-up of production following completion of the project (and which must be topped up on an ongoing basis).

Events of default include standard events of default, which include a failure to maintain the C\$5 million escrow account (30 day period to top-up), and variation from project budget by more than 20% or delay of any milestone by more than 6 months. There is a remedy period of 15 business days for any default except a payment default, which is 5 business days.

Security for the loan is a conventional security package which contains all of present and after-acquired property of SML, which includes all of the assets and real property comprising the Scotia Mine. As guarantor of SML’s obligations, the Company has granted security by pledging its shares of SML in favour of IXM. IXM’s recourse to the assets of the Company is limited to the Company’s SML shares, which comprise substantially all of the Company’s assets.

The Company intends to repay the loan principally from the proceeds of the sale of zinc and lead concentrates from the Scotia Mine, once it is in commercial production, with such sales being made for at least the initial 10 years of operation of the mine, to IXM, pursuant to the Offtake Agreements. The Company has sufficient cash to make the payments due to IXM prior to the commencement of commercial production. With the extensive work which has been conducted on the Scotia Mine and its history as a past producer with known high-quality concentrate, the Company perceives the risk of failure to be low. The Company’s confidence in the Scotia Mine project is based in part on two independent NI 43-101 Pre-Feasibility Studies (July 2020 and November 2021), which confirm that the Scotia Mine has the mineral resources, technical planning, appropriate timelines, and robust economics to support the long-term commercial delivery of concentrates. The Pre-Feasibility Study NI 43-101 Technical Reports are available under the Company’s profile on www.sedar.com.

The Company anticipates first drawing on the Credit Facility in January 2023 and moving ahead with the commissioning of the Scotia Mine. The Company is confident it can satisfy the conditions precedent in the Credit Agreement, raise the required equity of C\$5 million, satisfy the covenants of in the Credit Agreement, and meet the timeline for construction. Based on current metal prices forecasts and economics of the project, the Company expects the loan to be repaid after approximately 15 months of commercial production.

Offtake Agreements

The Offtake Agreements provide for the sale of 100% of the zinc and lead concentrates produced at the Scotia Mine, for an initial period of 10 (ten) years, after the project commences commercial production. This is projected to be approximately 317,000 tonnes (WMT) of zinc concentrates and 135,000 tonnes (WMT) of lead concentrates. The Offtake Agreements include industry standard payment terms, treatment charges escalators and penalty charges.

About EDM Resources Inc.

EDM is a Canadian exploration and mining company that has full ownership of the Scotia Mine and related facilities near Halifax, Nova Scotia. EDM also holds several prospective exploration licenses near the Scotia Mine and in the surrounding regions of Nova Scotia.

The Company's common shares are traded on the TSX Venture Exchange under the symbol "EDM". For more information, please contact:

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The Company's corporate filings and technical reports can be viewed on the Company's SEDAR profile at www.sedar.com. Further information on EDM is also available on Facebook at <http://www.facebook.com/EDMresources.inc> Twitter at <http://www.twitter.com/EDMresources> and LinkedIn at <http://www.linkedin.com/company/EDMresources>.

CAUTIONARY STATEMENTS

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.

This news release includes certain forward-looking statements which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "should", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes, but is not limited to, the Company's objectives, goals or future plans, statements, potential mineralization, exploration and development results, the estimation of mineral resources, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions. There can be no assurance that forward-looking 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 EDM's expectations include, among others, the degree to which mineral resource and reserve estimates are reflective of actual mineral resources and reserves, the degree to which factors are present which would make a mineral deposit commercially viable, the price of zinc, lead and gypsum, uncertainties relating to availability and costs of financing needed in the future, changes in equity markets, risks related to international

operations, the actual results of current exploration activities, delays in the development of projects, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of metals, ability to predict or counteract potential impact of COVID-19 coronavirus on factors relevant to the Company's business, as well as those factors discussed in the section entitled "Risk Factors" in EDM's management's discussion and analysis of the Company's annual financial statements for the period ended December 31, 2021. Although EDM has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results to be not as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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