First Phosphate Announces Closing of Oversubscribed Private Placement

written by Raj Shah | April 25, 2023

April 25, 2023 (Source) – First Phosphate Corp. (CSE: PHOS) (FSE: KD0) ("**First Phosphate**" or the "**Company**") is pleased to announce the closing of its previously announced non-brokered private placement financing (the "**Offering**"), as described in the Company's news release dated April 4, 2023.

The Offering was oversubscribed for gross proceeds of $2,339,151.90. As part of the Offering, the Company issued 1,205,217 HD Units (as defined in the in the Company's news release dated April 4, 2023) for gross proceeds of $843,651.90, and 1,869,375 FT Units (as defined in the in the Company's news release dated April 4, 2023) for gross proceeds of $1,495,500.00.

The Offering was led by the Company's management, board of directors and chief geologist of the Company, who subscribed for a total of 458,114 HD Units and 169,625 FT Units for gross proceeds of $456,380.

The gross proceeds from the issuance of FT Units will be used to incur "Canadian exploration expenses" that are "flow-through mining expenditures" (as such terms are defined in the *Income Tax Act* (Canada)) related to the Company's mineral exploration projects, primarily for drilling at the Company's Bégin-Lamarche and Lac à l'Orignal properties in Quebec. The proceeds from the issuance of HD Units will be used for general corporate purposes. All securities issued in connection with the Offering are subject to a statutory four month and one day hold period.

In connection with the Offering, the Company paid $86,491.08 in finder's fees, issued 42,857 common shares of the Company at a deemed price of $0.70 per share, and issued 149,654 finder warrants ("**Compensation Warrants**"). The Compensation Warrants are exercisable at a price of $1.25 per share until April 25, 2026, subject acceleration as described in the Company's news release dated April 4, 2023.

Related Party Transaction

Certain directors, officers and other insiders of the Company ("**Interested Parties**") purchased or acquired direction or control over a total of 458,114 HD Units and 169,625 FT Units as part of the Offering. The placement to those persons constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). Notwithstanding the foregoing, the Company has relied on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 under sections 5.5(a) and 5.7(1)(a) of MI 61-101 as the fair market value of the Shares being purchased will not exceed 25% of the Company's market capitalization. The Company did not file a material change report related to the Offering more than 21 days before the expected closing of the Offering as required by MI 61-101 as the Company requires the consideration received in connection with the Offering immediately for working capital purposes.

The Insiders' participation in the Offering was completed for investment purposes. In the future, the Insiders will evaluate their investment in the Company from time to time and may, based on such evaluation, market conditions and other circumstances, increase or decrease their shareholdings as circumstances require through market transactions, private agreements, or otherwise. A copy of the early warning reports may be obtained

on SEDAR at www.sedar.com under the Company's profile or by contacting the Company at (416) 200-0657.

Stock Options Update

The Company also announces today that it has approved the grant of 832,000 stock options to purchase common shares of the Company (the "Options") to certain eligible persons of the Company, at an exercise price of $0.70 per share, with an expiry date of three years from the date of issuance. The Options are subject to time-based vesting such that increments of 25% vest every 6 months for two years. The terms of the Options granted are in accordance with the Company's stock option plan approved by shareholders of the Company on August 25, 2022. All securities issued are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

Additional Disclosure

The Company entered into agreement to engage Captify Solutions Corporation ("Captify") for investor relations services with the effective date of April 21, 2023. Captify's engagement is for an initial term of 9 months and ending on December 31, 2023, during which the Company will pay Captify the aggregate fee of CA$15,000 in cash.

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About First Phosphate Corp.

First Phosphate is a mineral development company fully dedicated to extracting and purifying phosphate for the production of cathode active material for the Lithium Iron Phosphate ("LFP") battery industry. First Phosphate is committed to producing at high purity level, at full ESG standard and with low anticipated

carbon footprint. First Phosphate plans to vertically integrate from mine source directly into the supply chains of major North American LFP battery producers that require battery grade LFP cathode active material emanating from a consistent and secure supply source. First Phosphate holds over 1,500 sq. km of royalty-free district-scale land claims in the Saguenay-Lac-St-Jean Region of Quebec, Canada that it is actively developing. First Phosphate properties consist of rare anorthosite igneous phosphate rock that generally yields high purity phosphate material devoid of high concentrations of harmful elements.

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Forward-Looking Information and Cautionary Statements

Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of

these terms and similar expressions. Forward-looking statements in this news release include statements relating to: the anticipated timing of the closing of the Offering; and the anticipated use of proceeds from the Offering; the receipt of required approvals.

These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the Company's inability to complete the additional tranches Offering and/or utilize the use of proceeds on the terms and within the timelines anticipated or at all; and the Company's inability to obtain the required approvals to complete the additional tranches Offering on the proposed terms and timeline or at all.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this press release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.