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Montauk Metals Secures Litigation Funding Against the Republic of Colombia

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(Toronto, Ontario, November 9, 2023) – Montauk Metals Inc. (TSX-V: MTK) (the "**Company**" or "**Montauk**") is pleased to announce that it has secured litigation funding for its arbitration proceedings (the "**Arbitration**") brought by the Company against the Republic of Colombia ("**Colombia**") to enforce the Company's rights to compensation under the Canada-Colombia Free Trade Agreement (the "**FTA**"), as previously described in its news releases of March 27, 2018, February 25, 2019, February 10, 2020, November 23, 2021, September 1, 2023 and October 5, 2023, and subject to certain conditions and approvals as noted below.

Background of the Claim

Montauk contends that Colombia breached its obligations owed to the Company, including specific obligations under the FTA. The claims include Colombia's refusal or failure to compensate the Company for the losses incurred as a consequence of

Colombia's prohibition of mining in the páramos (high altitude eco-systems). On March 21, 2018, Montauk filed a Request for Arbitration against the Republic of Colombia before the International Centre for Settlement of Investment Disputes ("**ICSID**").

The Arbitration is being conducted in two phases. Phase One will determine whether the ICSID Tribunal adjudicating Montauk's claims (the "**Tribunal**") under the FTA has jurisdiction over this case and whether Colombia has breached its obligations under the FTA and is liable for compensation to the Company. Assuming that ICSID decides in favour of Montauk in Phase 1 (the "**Phase 1 Decision**"), Phase 2 will involve determining the quantum of damages awarded to Montauk to compensate it for losses incurred. The Company estimates it has suffered more than USD $16 million in sunk costs and total loss of the value of up to USD $180 million in the Reina de Oro project, as well as legal and arbitration fees. Typically, an arbitral award will include an award of costs payable by the unsuccessful party to the successful party to reimburse it for its legal and arbitration fees.

Certain costs of the proceedings, including arbitration fees and disbursements, have exceeded the Company's original estimates as the Company was also required to pay Colombia's 50% share of the arbitration fees. The Company must make an additional payment of US$200,000 to ICSID (the "**ICSID Payment**") before a ruling on Phase 1 is rendered. If the Company fails to pay the required amount of US$ 200,000 to obtain a ruling on or before November 9, 2023 (the "**Payment Deadline**"), the ICSID Acting Secretary-General may exercise its discretion to discontinue the Arbitration. The ICSID Payment is expected to result in the issuance of a decision on jurisdiction and liability.

Extension of the Payment Deadline

The Company expects to apply today to ICSID to request an extension to the Payment Deadline (the "**Extension**"). The Company refrained from submitting an Extension application until it had received a litigation funding commitment, with such commitment being received today following the approval of the Omni's (as defined below) investment committee. The Company strongly believes in the merits of its case and has obtained litigation funding to fund the ICSID Payment, subject to certain conditions as noted below. The Company is optimistic that ICSID will consider the Extension request.

Litigation Funding

Montauk has entered into a loan and option agreement (the "**Loan Agreement**") with Omni Bridgeway (Fund 5) Canada Investments Ltd. ("**Omni**"), pursuant to which Omni has agreed to lend the Company US$200,000 (the "**Loan Amount**") to fund the ICSID Payment in order for the Tribunal to render a ruling on Phase One.

The Loan Amount will accrue interest at a rate of twenty percent (20%), compounded annually. In the event the Tribunal in the Arbitration finds that it does not have jurisdiction over the dispute and/or that Colombia did not breach its duties to the Company and/or any outcome which otherwise renders a Phase 2 Election (as defined below) non-viable in the sole view of Omni, the Loan Amount and any and all accrued interest must be repaid by the Company within sixty (60) days after Omni notifies the Company that Omni will not make the Phase 2 Election. The repayment of the Loan Amount and any such accrued interest shall be payable regardless of whether the Arbitration is successful and is a recourse obligation of the Company, payable from any and all assets of the Company. In connection with the Loan Agreement, the Company will deliver a promissory note (the "**Note**") to Omni evidencing its obligation to repay Omni the Loan Amount and any accrued interest.

In addition, the Company has granted Omni an option, exercisable in the sole discretion of Omni (the "**Phase 2 Election**") to provide litigation funding to the Company pursuant to a litigation funding agreement (the "**LFA**"). The LFA is expected to provide an initial amount of up to US$2,325,000 (the "**Non-Recourse Funding Amount**") subject to certain conditions. The Non-Recourse Funding Amount may be increased in certain circumstances as may be agreed upon between the Corporation and Omni.

If Omni elects to provide the Non-Recourse Funding Amount for Phase 2 and the enforcement of any award obtained by the Company in the Arbitration, the Loan Amount and interest shall be repaid through proceeds recovered in the litigation (and in the event there are no proceeds recovered in the litigation, such amount inclusive of such interest shall be payable by the Company at the conclusion of the litigation).

Omni's return on the Non-Recourse Funding Amount (the "**Omni Return**") will be limited solely to recovery from the amount of money for which the Arbitration is settled, or for which a final, non- appealable award is given in favour of the Corporation (the "**Litigation Proceeds**"). The Omni Return shall be an amount calculated as the sum of (i) a multiple of the amounts actually incurred of the Non-Recourse Litigation Funding Amount and (ii) a percentage of the gross recovery proceeds, both calculated when the recovery proceeds are received, as set out in the table below:

Months	Multiple	Percentage
0-12	2.0x	12%
12-24	3.0x	14%
24+	3.5x	16%

The Litigation Proceeds, if received, will be disbursed in the following order of priority: (a) Omni shall be reimbursed the Recourse Loan and the amounts actually incurred of the Non-Recourse Funding Amount; (b) Omni shall be paid the Omni Return and legal counsel shall be paid their legal fees; and (c) the balance shall be paid to the Corporation.

In connection with the Loan Agreement, Note and LFA, the Company has agreed to grant Omni a continuing first priority security interest over any and all assets of the Company (whether presently held or acquired after the date hereof), including the Company's interest in any Litigation Proceeds.

The Loan Agreement is subject to certain conditions and the receipt of all necessary approvals and regulatory approvals, including the approval of the TSX Venture Exchange and the approval of the shareholders of the Company. The LFA is subject to the foregoing conditions and approvals and is subject to the settlement of the definitive LFA. The principal terms and conditions and the LFA have been agreed upon in the Loan Agreement. The Company has scheduled a special meeting of shareholders to be held on December 14, 2023 (the "**Meeting**") at which shareholders of the Company will vote to ratify the Loan Agreement and approve the LFA. Additional information pertaining to the Loan Agreement and LFA may be found in the management information circular pertaining to the Meeting that is expected to be available on the Company's profile on SEDAR+ on or around November 22, 2023.

The Company cannot guarantee that it will be successful at the Arbitration, or that the estimated amounts disclosed herein will not be revised as the Arbitration proceeds. The Company also cannot guarantee that it will be able to recover all or part of its legal and arbitration costs from Colombia even if it is successful at the Arbitration. Assuming the Extension is granted and the Arbitration proceeds, the ruling from the Tribunal would be expected to be on or about the first quarter of 2024. Management of the Company will continue to provide updates on material developments of the status of the Arbitration.

RISK DISCLOSURE STATEMENT: At the present time, the Company's payment obligations are substantially in excess of its cash balances and it has no other assets. The Company is not solvent and cannot continue as a going concern. Trading in shares of the Company and any investment in the Company is highly speculative. No trading in securities of the Company or investment should be made without being able to lose the entire amount of such funds. See below, "Cautionary Note Regarding Forward-Looking Statements". Investors are advised to seek professional advice before making any decision to trade in or invest in the securities of the Company.

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Cautionary Note Regarding Forward-Looking Statements: *This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe Montauk's future plans, objectives or goals, including words to the effect that Montauk 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", "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 Montauk, Montauk 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 status of the Arbitration, the merits and the associated costs of continuing the Arbitration, the availability of funding for continuing the Arbitration, the expected timelines for Arbitration decisions and outcomes, and the Company's ability to operate an active business assuming an unfavourable result from the Arbitration. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to: the inability to reinstitute the Arbitration for any reason; costs of the Arbitration for amounts which are in excess of anticipated amounts; an inability on the part of the Company to succeed on Phase One and Phase Two of the Arbitration and the resulting failure to recover damages in respect of the termination of the Reina de Oro project with a complete loss of all costs incurred in respect of the Arbitration; any change in the legal landscape which could render the Company's pursuit of the Arbitration more or less promising; any change in the legislation, policy and/or jurisprudence of Colombia and/or Canada which could impact the ability of the Company to recover damages in respect of the termination of the Reina de Oro project; failure to obtain approvals for the litigation financing by Omni, including the all necessary regulatory approvals, approval of the TSXV and approval of the shareholders of the Company; failure the settle the terms and conditions of the LFA, failure to obtain the Extension, failure of Omni to*