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KAPA Capital Inc. Enters into Arrangement Agreement for Qualifying Transaction with Quantus Resources Corp.

September 24, 2020: KAPA Capital Inc. (TSX-V: **KAPA.P)** ("**KCI**") and Quantus Resources Corp. ("**Quantus**") are pleased to announce that they have entered into an acquisition agreement and an arrangement agreement (the "**Arrangement Agreement**") both dated September 22, 2020, pursuant to which KCI has agreed to acquire all of the issued and outstanding common shares of Quantus (the "**Qualifying Transaction**"). Quantus is a privately held company incorporated under the laws of the province of British Columbia that owns a mineral exploration property near the Lucerne Valley in San Bernardino County, California. Quantus holds an option to earn a 100% interest, subject to certain royalties, in the Blackhawk Property, a natural resource exploration and development project targeting gold and other metals and minerals located near the Lucerne Valley in San Bernardino County, California. Under the Arrangement, Quantus shall make a final payment of 750,000 common shares completing all option payment obligations and in doing so, earn a 100% interest in the Blackhawk Property subject to certain royalties upon production.

KCI is a "Capital Pool Company" as defined by TSX Venture Exchange Policy 2.4 – *Capital Pool Companies* ("**Policy 2.4**"), and the Qualifying Transaction is intended to constitute KCI's "Qualifying Transaction" in accordance with Policy 2.4. KCI, after completion of the Qualifying Transaction, is referred to in this news release as the "Resulting Issuer". Upon completion of the Qualifying Transaction, the parties anticipate that the resulting issuer will be listed as a Tier 2 Resource Issuer on the Exchange. The Qualifying Transaction is arm's length and is therefore not a Non-Arm's Length Qualifying Transaction under the CPC Policy. Accordingly, the CPC Policy does not require KCI to obtain shareholder approval of the Qualifying Transaction.

Details of the Arrangement

The Qualifying Transaction will be effected by way of a court approved plan of arrangement under the *Business Corporations Act* (British Columbia). Under the terms of the Arrangement Agreement, each shareholder of Quantus will receive one (1) common share in the capital of KCI in exchange for one (1) Quantus common share. Assuming completion, none of the options of share purchase warrants of Quantus being exercised prior to closing of the Qualifying Transaction, KCI will issue a total of up to 53,402,273 KCI shares to the shareholders of Quantus. Following the completion of the Qualifying Transaction, the resulting issuer will have 59,402,274 issued and outstanding shares. Prior to the execution of the plan of arrangement KCI shall undergo a subdivision of its share capital on the basis of 1.2 new common shares for each old common share held.

The completion of the Qualifying Transaction is subject to the satisfaction of certain conditions being met including but not limited to: (i) the filing of the draft completed TSX Venture Form 3B2 (Information Required in a Filing Statement for a Qualifying Transaction; (ii) public filing of the NI 43-101F1 Report on the Blackhawk Property; (iii) public filing of the Fairness Opinion; (iv) conditional approval of the

TSX Venture in respect of the Arrangement Agreement; (v) the completion of a non-brokered private placement by Quantus (the “**Concurrent Financing**”).

Concurrent with the Qualifying Transaction, Quantus is proposing to complete the Concurrent Financing of up to 14,000,000 Quantus common shares for aggregate gross proceeds of up to $2,800,000. Assuming the Concurrent Financing is completed, subscribers to the Concurrent Financing will hold, as a group, approximately 23.6% of the Resulting Issuer’s common shares.

The Arrangement Agreement is subject to final approval of the Supreme Court of British Columbia and is conditional upon the Resulting Issuer receiving approval for listing on the TSX Venture Exchange.

On Behalf of Quantus' Board

“David K. Paxton”
David K. Paxton
CEO and Director

On Behalf of KCI's Board

“Charalambos Katevatis”
Charalambos Katevatis
President, CEO and Director

For further information contact Charalambos Katevatis at 604 836-6667 or email: kapacapital@shaw.ca

“Statements in this press release regarding KCI which are not historical facts are “forward-looking statements” that involve risks and uncertainties, such as the completion of the proposed Qualifying Transaction. Such information can generally be identified by the use of forwarding-looking wording such as “may”, “expect”, “estimate”, “anticipate”, “intend”, “believe” and “continue” or the negative thereof or similar variations. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties such as the risk that the closing may not occur for any reason. Forwarding-looking statements in this news release include the statements that: (i) the parties anticipate that the Resulting Issuer will be listed as a Tier 2 Resource Issuer and (ii) list out the terms of the Quantus Financing.

Actual results in each case could differ materially from those currently anticipated in such statements due to factors such as: (i) the decision to not close the Qualifying Transaction for any reason, including adverse due diligence results and Exchange refusal of the Qualifying Transaction; (ii) adverse market conditions; and (iii) the need for additional financing. Except as required by law, KCI does not intend to update any changes to such statements.

Completion of the Qualifying Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the Qualifying Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Qualifying Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the Qualifying Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither 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.*