

RHYOLITE RESOURCES LTD. ANNOUNCES CLOSING OF C\$18 MILLION PRIVATE PLACEMENT FINANCING

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VANCOUVER, BC, Dec. 21, 2021 /CNW/ - Rhyolite Resources Ltd. (TSXV: RYE) ("Rhyolite" or the "Company") is pleased to announce that, further to its news release dated December 7, 2021, the Company has completed a "bought deal" brokered private placement of 16,000,000 common shares (the "Common Shares") of the Company at a price of C\$0.88 per Common Share (the "Offering Price") for gross proceeds of approximately C\$14 million (the "Bought Deal Private Placement"). BMO Capital Markets ("BMO") acted as the sole underwriter in respect of the Bought Deal Private Placement and received a cash commission equal to 6.0% of the gross proceeds thereon.

Rhyolite also closed its previously announced non-brokered private placement of approximately C\$4 million at a price per Common Share equal to the Offering Price (the "Non-Brokered Private Placement", and together with the Bought Deal Private Placement, the "Offering"). No finders fees or commissions were paid in connection with the Non-Brokered Private Placement.

The Company intends to use the net proceeds of the Offering for furthering engineering work on Muckahi equipment, procurement of Muckahi equipment, exploration in Suriname, and corporate purposes.

Fred Stanford, CEO of Rhyolite, commented: "Regarding both financial and ESG outcomes, the Muckahi Mining System has the potential to be a positive disruptor of the underground hard rock mining industry. In an industry that is slow to change, at Rhyolite, with Muckahi, we are intent on picking up the pace. We appreciate the time and energy of investors and the BMO team to investigate and understand the opportunities that Muckahi provides. With this capital injection we intend to bring the Muckahi Mining System to commercial readiness. From that platform, we look forward to rapidly changing the industry to achieve superior financial and ESG outcomes."

All Common Shares issued under the Offering are subject to a hold period expiring on April 22, 2022 in accordance with applicable securities laws.

MI 61-101 Disclosure

The Non-Brokered Private Placement constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") as certain directors and officers of the Company purchased an aggregate of 3,479,637 Common Shares. The Company has relied on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of related party participation in the Non-Brokered Private Placement as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involved the related parties, exceeded 25% of the Company's market capitalization (as determined under MI 61-101). Further details will be included in a material change report to be filed by the Company. A material change report will be filed in connection with the related party participation in the Non-Brokered Private Placement less than 21 days in advance of closing of the Non-Brokered Private Placement as approval of the Non-Brokered Private Placement occurred less than 21 days prior to closing. The Non-Brokered Private Placement was approved by the board of directors of the Company, with directors participating in the Non-Brokered Private Placement abstaining from the vote in respect thereof.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. 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 the securities in any State in which such offer, solicitation or sale would be unlawful.

Early Warning Disclosure

Tyrus Capital Event Master Fund Limited ("Tyrus"), an investment fund managed by Tony Chedraoui, a director of the Company, subscribed for 3,098,864 Common Shares under the Non-Brokered Private Placement for aggregate consideration of approximately \$2,727,000. Immediately prior to the completion of the Offering, Tyrus held 8,000,000 Common Shares and Mr. Chedraoui held 3,830,000 Common Shares, representing collectively approximately 12.3% of the issued and outstanding Common Shares on a non-diluted basis. Mr. Chedraoui has control and direction over the Common Shares held by Tyrus.

Following completion of the Offering, Mr. Chedraoui, together with Tyrus, hold and control 14,928,864 Common Shares, representing approximately 12.3% of the issued and outstanding Common Shares on a non-diluted basis. Tyrus has acquired the Common Shares for investment purposes.

A copy of the early warning report to be filed by Mr. Chedraoui in connection with the acquisition of the Common Shares by Tyrus will be available on SEDAR at www.sedar.com under the Company's profile. A copy of such report will also be available upon written request to the Company at info@rhyoliteresources.com.

Forward-Looking Statements

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the use of proceeds of the Offering. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive regulatory approvals; the ability to attract financing on these terms or at all; the price of commodities; and the results of current exploration. 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. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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 press release.

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