

TESLA AND TALON METALS ENTER INTO SUPPLY AGREEMENT FOR NICKEL

Talon Metals has entered into an agreement to supply Tesla with nickel from the Tamarack Project in central Minnesota

Tamarack, Minnesota/Road Town, Tortola, British Virgin Islands (January 10, 2022) – Talon Metals Corp. (TSX:TLO), through its U.S. subsidiary Talon Nickel (USA) LLC (collectively “**Talon**” or the “**Company**”), has entered into an agreement with Tesla Inc. (“**Tesla**”) for the supply and purchase of nickel concentrate to be produced from the Tamarack Nickel Project in Aitkin County, Minnesota. The execution of the agreement follows an extensive and detailed due diligence period performed by Tesla and lengthy negotiations between the parties.

“This agreement is the start of an innovative partnership between Tesla and Talon for the responsible production of battery materials directly from the mine to the battery cathode. Talon is committed to meeting the highest standards of responsible production that is fully traceable and that has the lowest embedded CO₂ footprint in the industry. Talon is excited to support Tesla’s mission to accelerate the transition to renewable energy,” said Henri van Rooyen, CEO of Talon.

“The Talon team has taken an innovative approach to the discovery, development and production of battery materials, including to permanently store carbon as part of mine operations and the investigation of the novel extraction of battery materials. Responsible sourcing of battery materials has long been a focus for Tesla, and this project has the promise to accelerate the production of sustainable energy products in North America,” said Drew Baglino, SVP of Powertrain and Energy Engineering at Tesla.

Agreement Highlights:

- Under the terms set out in the agreement, Tesla has committed to purchase 75,000 metric tonnes (165 million lbs) of nickel in concentrate, representing a portion of the metals projected to be produced from the Tamarack Nickel Project. Tesla also has a preferential right under the agreement to negotiate the purchase of additional nickel concentrate over and above the initial 75,000 metric tonne commitment.
- The term of the agreement is six (6) years or until a total of 75,000 metric tonnes (165 million lbs) of nickel in concentrate has been produced and delivered to Tesla. The agreement is conditional upon: (i) Talon earning a 60% interest in the Tamarack Nickel Project; (ii) Talon commencing commercial production at the Tamarack Nickel Project; and (iii) the parties completing negotiations and executing detailed supply terms and conditions. Talon will use commercially reasonable efforts to achieve commercial production on or before January 1, 2026 at the Tamarack Nickel Project, which may be extended by the agreement of the parties for up to 12 months following which Tesla has a right to terminate the agreement and Talon may elect to sell to other parties.
- Talon and Tesla will work together to optimize nickel concentrate grades and metal recoveries.
- The purchase price to be paid by Tesla for the nickel in concentrate will be linked to the London Metals Exchange (LME) official cash settlement price for nickel. The parties have also agreed to share in any additional economics derived from by-products extracted from the nickel concentrate, such as iron and cobalt.

QUALIFIED PERSON

Dr. Etienne Diné, Vice President, Geology of Talon, is a Qualified Person within the meaning of National Instrument 43-101. Dr. Diné has reviewed, approved and verified the technical information disclosed in this news release, including sampling, analytical and test data underlying the technical information.

ABOUT TALON

Talon is a TSX-listed base metals company in a joint venture with Rio Tinto on the high-grade Tamarack Nickel-Copper-Cobalt Project located in central Minnesota. Talon currently owns a 51% interest in the Tamarack Nickel Project and has the right to increase its interest by 9% to 60%. The Tamarack Nickel Project comprises a large land position (18km of strike length) with numerous high-grade intercepts outside the current resource area. Talon is focused on expanding its current high-grade nickel mineralization resource prepared in accordance with NI 43-101; identifying additional high-grade nickel mineralization; and developing a responsible processing capability in the United States. In July 2021, Talon entered into an MOU with the United Steelworkers whereby the parties outlined a number of ways that they will work with, and support, one another. Talon has a well-qualified exploration and mine management team with extensive experience in project management.

For additional information on Talon, please visit the Company's website at www.talonmetals.com/

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FORWARD-LOOKING STATEMENTS

This news release contains certain "forward-looking statements". All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Such forward-looking statements include statements relating to the timing and progress of the development of the Tamarack Nickel Project, including the commencement of commercial production, the Company's commitment to meeting the highest standards of responsible production that is fully traceable and that has the lowest embedded CO₂ footprint in the industry, and plans to permanently store carbon as part of mine operations; the detailed supply terms and conditions, and the timing of an agreement thereon, if at all. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.