

TEM | Tempest to Demerge Rocky Hill and IPO With New Nevada Lithium Acquisition

Key Points

- TEM to demerge its 100% owned lithium projects into new IPO
- TEM subsidiary West Resource Ventures Pty Ltd (to be renamed Electra Minerals Ltd (**Electra**)) will acquire rights to the Smith Creek lithium brine project in Nevada, USA
- Pre-IPO capital raising by WRV issuing up to 10% pre-IPO capital to potential investors
- Immediate value increase anticipated for TEM shareholders who will receive an in-specie distribution of Electra shares and provide increased exposure to the current vigorous lithium market
- TEM to remain focused on current exploration projects

News Item

Tempest Minerals Limited (**Tempest** or the **Company**) is pleased to advise that the Company and its wholly owned subsidiary, West Resource Ventures Pty Ltd (**WRV**), the holder of several lithium tenements in Western Australia will proceed with a new initial public offering (**IPO**). WRV will be renamed Electra Minerals Ltd.

The new IPO will combine WRV's Western Australian underexplored hard rock lithium exploration projects with the exciting Smith Creek lithium brine Property in Nevada USA. WRV proposes to acquire Lithium of Nevada Pty Ltd (**LON**) which has a binding agreement with TSX-V listed Iconic Minerals Ltd for the rights to acquire up to 50% of the Smith Creek Project.

WRV (as Electra) intends to undertake an IPO in which WRV will seek investors to underpin a maximum of 10% of the Pre IPO capital value. WRV will then undertake a capital raising under a Prospectus to raise approximately \$10,000,000 through the issue of WRV Shares.

Chairman Brian Moller commented

"..The demerging of the WA lithium assets is an exciting development and will be able to provide greater focus on these high quality assets. The combination with the Nevada project will provide Tempest shareholders with even further leveraged exposure to the global lithium market."



Projects Overview

Smith Creek

With an ongoing track record of multiple producing lithium operations, Nevada (USA) is a preferred Lithium investment destination and is considered highly prospective for large lithium brine deposits.

The Smith Creek Project is located within Smiths Creek Valley in Nevada with the current LON claim blocks covering an area of 65.4 km² over a major gravity low. The enclosed Smith Creek Valley Basin covers 1,507 km², which is slightly larger than the Clayton Valley Basin where lithium brines are produced. Smith Creek Valley is over 64 km long in a north-northeast direction and averages 14.5 km in width.

The Smith Creek Project is hosted within a volcanic ash unit considered to be a potentially good source of Lithium. Previous drilling at the project did not test for lithium. However previous drillholes did encounter brines at depth. Surface sampling around hot springs and brine evaporites nearby assayed a maximum of 470 ppm Lithium.

The Smith Creek Project is proximal to the Silver Peak lithium mine producing over 5,000t of lithium carbonate-equivalent (LCE) a year and Clayton Valley Lithium Project, expected to produce over 10,000t of LCE a year and resources in excess of 1.5Mt of LCE

Nevada has extensive infrastructure, is close to a number of ports and also close to possible downstream processing sites such as a Tesla Giga-factory only 2 hrs away.

WA Projects

Western Australia is a hotbed for hard rock lithium in the global market. Major operations are now prevalent in Western Australia with Mt Marion (450ktpa-900ktpa) and Wodgina (750ktpa) and multiple new exploration provinces are emerging including the South West terrain and Dundas regions currently experiencing vigorous exploration interest.

Although an exploration target for some time, the relatively recent recognition of the South Western quadrant of Western Australia as a new extremely exciting domain for exploration of further lithium resources has thrust projects such as these into the limelight in recent times.

The WA Projects represent a substantial holding in Western Australia of approximately 365 km² (29 km² granted - 336 km² pending) across 3 areas. Exploration by TEM at the Rocky Hill project recently reported extremely anomalous soil results including lithium up to 60ppm in soils along with strong LCT pegmatite indicator signatures.

Electra Minerals IPO

Background

Tempest intends to demerge its wholly owned subsidiary, WRV (the holder of several lithium tenements in Western Australia) and combine with an exciting lithium brine project in Nevada USA into a new IPO, WRV will be renamed Electra Minerals Ltd.

Project Acquisitions

WRV has entered into a binding term sheet to acquire LON, from the shareholders of LON.

LON has entered into a separate binding term sheet with TSX-V listed Iconic Minerals Ltd (**Iconic**) and Iconic's wholly-owned subsidiary, Bonaventure Nevada Inc, for the exclusive right and option to earn-in and acquire the 50% interest in mining tenure and rights comprising the Smith Creek Project (**Smith Creek**).

Additionally, WRV has agreed, subject to various conditions being satisfied or waived, to acquire the LON Tenements from LON in consideration for the issue of WRV Shares to the Vendors.

Consideration for the Acquisition

WRV will pay the shareholders of LON (**Vendors**) consideration shares for the LON Tenements (**Consideration Shares**). 50% or 27,475,000 of the Consideration Shares will comprise ordinary shares in WRV and 50% or 27,475,000 will comprise performance shares which will convert to ordinary shares in WRV upon LON earning the 50% interest in Smith Creek Project.

Pre IPO Capital Raising

WRV intends to seek cornerstone investors to underpin the pre IPO value of WRV by issuing no more than 10% of Pre IPO WRV capital to potential cornerstone investors, including Tempest shareholders. It is intended to issue up to a maximum of 3,500,000 convertible notes (**Notes**) that convert to WRV Shares at \$0.10 each to raise \$3,500,000 (**Pre IPO Capital Raising**). The holders of the Note will have the option of converting the WRV Shares on WRV being admitted to the Official List of ASX or repaid from proceeds of the IPO.

Tempest will use all reasonable endeavours to support the Pre IPO Capital Raising.

Proposed Structure

Prior to demerger, Tempest intends to increase the share capital of WRV by way of share subdivision to 15,000,000 shares. Subject to shareholder approvals, the receipt of a satisfactory Tax Ruling and all necessary regulatory approvals and waivers, Tempest intends to undertake a capital reduction and an in-specie distribution to its shareholders of all the WRV shares it holds (**Distribution**). The Distribution will be subject to:

- a short form prospectus being issued to facilitate the Distribution;
- Tempest obtaining a satisfactory Tax Ruling from the ATO in respect of the same;
- The Pre IPO Capital Raising being completed;
- The IPO being completed;
- ASX confirming by letter that the WRV Shares the subject of the Distribution (other than those held by related parties and their associates) will not be escrowed under the ASX Listing Rules; and
- ASX issuing a letter granting approval for Listing.

Tempest and WRV intend to enter into a formal Implementation Deed to implement the Distribution.

Proposed Board

It is proposed that the Board of WRV will initially be made up of:

- 2 representatives appointed by LON;
- up to 2 representatives appointed by Tempest; and
- up to 2 independent directors.

Tempest and LON are progressing the securing of an experienced CEO.

Next Steps

- Tempest will progress the conversion of WRV to a public company and renaming to Electra Minerals Ltd; and
- Tempest and LON will progress the Pre IPO Capital Raising and prepare for a planned IPO and ASX listing in Q1 2023.

The Board of the Company has authorised the release of this announcement to the market.

About TEM

Tempest Minerals Ltd is an Australian based mineral exploration company with a diversified portfolio of projects in Western Australia considered highly prospective for precious, base and energy metals. The Company has an experienced board and management team with a history of exploration, operational and corporate success.

Tempest leverages the team's energy, technical and commercial acumen to execute the Company's mission - to maximise shareholder value through focussed, data-driven, risk-weighted exploration and development of our assets.

Investor Information

 investorhub.tempestminerals.com

TEM welcomes direct engagement and encourages shareholders and interested parties to visit the TEM Investor hub which provides additional background information, videos and a forum for stakeholders to communicate with each other and with the company.

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Appendix A: Conditions Precedent

The Acquisition of the LON Tenements is subject to a number of standard conditions, including:

- (a) the negotiation and execution of the formal transaction documents;
- (b) completion of due diligence by:
 - (i) WRV on the LON Tenements to the reasonable satisfaction of Tempest and WRV; and
 - (ii) LON on WRV and the Tenements, to the reasonable satisfaction of LON;
- (c) WRV undertaking the Pre IPO Capital Raising;
- (d) Tempest obtaining all necessary shareholder approvals to undertake the Distribution;
- (e) Tempest obtaining the Tax Ruling;
- (f) WRV undertaking the Capital Raising;
- (g) to the extent required by ASX, all necessary parties, including the Vendors, entering into restriction agreements as required by ASX imposing such restriction on trading of certain WRV securities issued pursuant to the Acquisition and the IPO;
- (h) WRV obtaining all necessary shareholder approvals related to the Acquisition;
- (i) LON obtaining all necessary shareholder approvals related to the Acquisition; and
- (j) the parties obtaining all other necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act or any other law on terms acceptable to the parties as required to allow the parties to lawfully complete the matters set out in the Term Sheet.

Settlement of the Acquisition will occur on the date that is five business days after the satisfaction of the above conditions precedent.