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22 August 2024

ASX Limited - Company Announcements Platform

ARMADA METALS LIMITED (ASX: AMM)

ARMADA SIGNS SHARE PURCHASE AGREEMENT FOR ACQUISITION OF MIDWEST LITHIUM LIMITED AND SUCCESSFUL COMPLETION OF EQUITY RAISING

Transaction

Armada Metals Limited (**Armada** or the **Company**) refers to its announcement dated 27 May 2024 in respect of its proposed acquisition of a 100% interest in Midwest Lithium Limited (**Midwest**) (the **Transaction**). The Company is pleased to announce that it has entered into a long form share purchase agreement (**Share Purchase Agreement**) in connection with the Transaction.

The Transaction remains subject to completion of a number of conditions, including approval by Armada shareholders at an Extraordinary General Meeting (**EGM**). Further details of the key terms of the Share Purchase Agreement are summarised in the Annexure.

Equity Raising

Armada has successfully completed a conditional institutional placement and has received firm commitments raising A\$1.35 million in additional funds (**Equity Raising**). One of the Company's largest shareholders, Strata Investment Holdings plc (**Strata**), has agreed to underwrite A\$500,000 of the Equity Raising and will be allocated its full underwriting commitment.

The Equity Raising involves the issuance of approximately 135 million new fully paid ordinary shares in Armada (**New Shares**) at an issue price of A\$0.01 per New Share, together with one free attaching option for every two New Shares subscribed (**Attaching Option**). The Attaching Options will be exercisable at \$0.017 and expire three years from their date of issue.

The Company refers to its announcement on 27 May 2024, where it had announced that it had originally intended to undertake a capital raising of up to A\$5 million. The Transaction represents a counter cyclical investment and it was agreed that the capital raise would be scaled back to minimise dilution and reflect the current lithium and broader market conditions.



Funds raised from the Equity Raising, together with existing cash, will be applied towards:

- Midwest project exploration and tenement acquisition (A\$1.07 million);
- exploration and maintenance across all of the Company's and Midwest's projects tenements and licences (A\$0.33 million); and
- general working capital and costs relating to the Proposed Transaction and Equity Raising (A\$0.50 million).

The Equity Raising is subject to shareholder approval pursuant to ASX Listing Rule 7.1. Additionally, New Shares and Attaching Options allocated to Strata pursuant to its underwriting commitment will also be subject to shareholder approval under ASX Listing Rule 10.11.

Settlement of New Shares under the Equity Raising is expected to occur on or around completion of the Transaction (**Completion**) following the EGM, which is anticipated to occur in late September / early October 2024, with the New Shares to be issued and commence trading on the ASX shortly thereafter. The New Shares will rank equally with Armada's existing shares with effect from their issue.

The updated indicative post-Transaction capital structure of Armada, taking into account the Equity Raising, is set out below:

	Shares	Options	Convertible Notes
Current issued capital	208,000,000	18,140,000	-
Issue of New Shares and Attaching Options under the Equity Raising	135,000,000	67,500,000	-
Issue of Consideration Shares under the Transaction	343,000,000	-	-
Issue of shares and convertible notes under Midwest's unsecured bridge facility ¹	35,820,895	-	379,500
Issue of shares under Midwest's financial adviser mandate ¹	10,290,000	-	-
Issue of Management Options ²	-	95,174,416	-
Issue of Lead Manager Options ³	-	28,237,588	-
Total issued capital at completion	732,110,895	209,052,004	379,500

Note:

1. Refer to the Annexure for further details regarding the issue of these ordinary shares and convertible notes.
2. Each Management Option will have an exercise price of A\$0.017 and expire five years from their date of issue.
3. Each Lead Manager Option will have an exercise price of A\$0.017 and expire three years from their date of issue.



Canaccord Genuity and SCP Resource Finance acted as Lead Managers to the Equity Raising. Baker McKenzie is acting as legal adviser to the Company on the Transaction.

Indicative Timetable for the Transaction and Equity Raising

Event	Time / Date (AEST)
Announcement of Transaction and results of the Equity Raising and trading resumes on ASX	Thursday, 22 August 2024
EGM to approve the Transaction and Equity Raising	Late September / early October 2024
Settlement of New Shares under the Equity Raising	Early October 2024
Allotment and issue of New Shares and Attaching Options. Normal trading of New Shares commences	Early October 2024
Allotment of the Consideration Shares under the Transaction	Early October 2024
Completion of the Transaction	Early October 2024

Note: The above timetable is indicative only and subject to change. The commencement and quotation of New Shares is subject to approval from the ASX, subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules. Armada reserves the right to amend this timetable at any time without notice, including to withdraw or vary the Equity Raising in its absolute discretion.

Name change

Following completion of the Transaction and subject to shareholder approval, the Company proposes to change its name to "Rapid Lithium Limited", which the Board believes better reflects the Company's new strategy of being a predominantly lithium explorer.

Investor Presentation

Further details of the Transaction and Equity Raising are detailed in the Investor Presentation released on the ASX platform today.

This announcement has been authorised on behalf of the Armada Board by: Martin C Holland, Executive Director.



-ENDS-

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Forward-Looking Statements

This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings and financial position and performance. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of the Company. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based only on information available to the Company as at the date of this announcement. Except as required by applicable laws or regulations, the Company does not undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

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General

In addition, this announcement is subject to the same "Important Notice and Disclaimer" as appears on slides 2 and 3 of the Investor Presentation with any necessary contextual changes.



Annexure

Item	Description
Share Purchase Agreement	Under a Share Purchase Agreement between Midwest, Armada and Rodrigo Pasqua, Barry Junor and James Clark, Armada has agreed to acquire 100% of the issued capital of Midwest. ¹
Purchase Price	<p>Subject to shareholder approval under ASX Listing Rule 7.1, as consideration, Armada will issue approximately 343 million fully paid ordinary shares in itself to Midwest securityholders, equivalent to 50% of its enlarged capital on completion (Consideration Shares).</p> <p>Armada will pay a deposit of US\$217,941.25 (approximately A\$325,000 converted at exchange rate of AUD0.67/USD1.00) to Midwest, which will be refundable if the Share Purchase Agreement is terminated in certain circumstances.</p>
Conditions Precedent	<p>Completion of the Proposed Transaction is conditional on the following Conditions Precedent which, if not satisfied or waived (where applicable), will result in the completion not taking place:</p> <ul style="list-style-type: none">- (Equity Raising): Armada completing an equity capital raise raising aggregate funds of at least A\$1,000,000;- (Minority Vendors): The Majority Vendors procuring that all securities in Midwest are transferred to Armada, including those securities held by the other securityholders (the Minority Vendors), whether by the entry into a Minority Vendor Share Purchase Agreement, or by the Majority Vendors exercising their constitutional drag rights, or a combination of both;- (Convertible Notes): Each holder of a Convertible Note in Midwest entering into a Deed of Assumption with Armada, enabling Armada to assume the obligations of Midwest to issue securities to such Convertible Note holder;- (Amendment to Agreements): The amendment of certain material agreements to which Midwest (or a related body corporate of Midwest) is party to enable Armada (in

¹ The Majority Vendors collectively hold 43.2% of the securities on issue by Midwest (on a fully diluted basis).



Item	Description
	<p>substitution of Midwest) to satisfy certain obligations to issue securities under those agreements. The issue of such securities will be based on a formula relating to the value under the relevant agreement divided by the Company's prevailing VWAP and the number is therefore not yet determined however will be subject to shareholder approval under ASX Listing Rule 7.1 in any event;</p> <ul style="list-style-type: none">- (Approval of issue): Shareholders of Armada must authorise the completion of the transaction in compliance with its constitution, the <i>Corporations Act 2001</i> (Cth) and the ASX Listing Rules, including resolutions in respect of the issuance of shares for the purposes of ASX Listing Rules 7.1 and 10.11 (as applicable); and- (Underwriting Agreement): The Underwriting Agreement entered into with Strata in respect of the Equity Raising not being terminated or rescinded prior to the Equity Raising being completed. Shares and Attaching Options to Strata will be subject to shareholder approval under ASX Listing Rule 10.11.
Pre-Completion Obligations	The parties are subject to customary pre-completion obligations, including to carry on their business in the ordinary course and to not enter into any material agreements without the prior consent of the other party.
Voluntary Escrow Deed	Each of the Majority Vendors are required to execute a Voluntary Escrow Deed in respect of the Consideration Shares they receive, which will accordingly be subject to voluntary escrow restrictions for a period of 12 months from completion.
Warranties and indemnities	<p>Limited warranties are provided by the parties under the Share Purchase Agreement relating to title to shares and the capacity of each party.</p> <p>The Majority Vendors are also subject to standard limitations on liability for claims under or in connection with the Share Purchase Agreement, and are not liable to Armada for any claim unless it is notified within 18 months of the completion date.</p>



Item	Description
Issue of options	Subject to shareholder approval, new (pursuant to ASX Listing Rule 7.1) and existing (pursuant to ASX Listing Rule 10.11) Armada senior management will be issued options to acquire new ordinary shares in Armada. The total number of options to be issued will represent approximately 13% of the fully enlarged issued share capital of Armada post-completion.
Issue of convertible notes	Midwest is a borrower to a US\$500,000 unsecured bridge facility, which is repayable (with accrued interest) as a result of the Transaction completing. As Armada will assume Midwest's obligations following completion, the lender has agreed to amend the facility agreement such that the repayment obligations will be discharged by Armada issuing at completion (i) US\$240,000 worth of Armada shares at the Equity Raising issue price of A\$0.01, and (ii) secured convertible notes for the balance the outstanding principal and accrued interest. It is proposed that the convertible notes will each have a face value of US\$1.00, accrue interest based on the 90-day average SOFR, mature 24 months from their date of issue, be convertible at the election of the Company where the 10-day VWAP of its Shares have traded equal to or above A\$0.015 and secured against the assets of the Company. The issue of the ordinary shares and convertible notes will be subject to shareholder approval under ASX Listing Rule 7.1.
Issue of adviser shares	Armada has agreed to assume Midwest's obligations under an advisory mandate with SCP Resource Finance LP and issue approximately 10.29 million ordinary shares in Armada in satisfaction of fees that Midwest would incur as a result of the Transaction. The issue of the ordinary shares will be subject to shareholder approval under ASX Listing Rule 7.1.