

Binding Term Sheet Signed to Sell East Canyon Uranium Vanadium Project in Utah as part of Proposed ASX IPO by Acquirer

ACN 107 244 039

ASX RDT

DATE 2 November 2021

ISSUED CAPITAL

Ordinary Shares: **145.4M**

*not including \$15M of loan funds to be converted to 100m shares subject to shareholder approval

BOARD OF DIRECTORS

Matthew Boyes

Chief Executive Officer

Alex Hewlett

Chairman

Brett Mitchell

Non-Executive Director

James Croser

Non-Executive Director

Nader El Sayed

Non-Executive Director

COMPANY SECRETARY

Steven Wood

REGISTERED OFFICE

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- Conditional agreement executed with newly incorporated unlisted public company, Uvre Limited, for the proposed sale of Red Dirt Metals' 100% owned East Canyon Uranium-Vanadium Project in Utah, USA
- Under the agreement, UVRE is to acquire 100% of the East Canyon Project, subject to UVRE completing an initial public offering and listing on the ASX, as well as other customary conditions
- Red Dirt Metals' total consideration to be 5,000,000 shares in UVRE (\$1.0 million at proposed \$0.20 IPO price, escrowed for 24 months) and \$225,000 cash (subject to ASX approval)
- Red Dirt Metals' shareholders will be offered a priority allocation of up to \$1,500,000 in UVRE's proposed IPO capital raising
- The transaction represents an opportunity to crystallise value for Red Dirt Metals' shareholders from a non-core asset
- The transaction is consistent with Red Dirt Metals' primary focus on its recently acquired 100%-owned Mt Ida Lithium and Gold Project in WA

Red Dirt Metals (ASX: RDT) ("Red Dirt Metals" or the "Company") is pleased to advise that it has entered into a binding Terms Sheet with newly incorporated unlisted resource company, Uvre Limited ("UVRE"), to sell its 100%-owned East Canyon Uranium-Vanadium Project, located in the Dry Valley/East Canyon mining district of south eastern Utah, USA.

Red Dirt Metals has agreed to sell its non-core East Canyon Uranium-Vanadium Project via the divestment of its subsidiary Vanacorp Aust Pty Ltd ("Vanacorp") and its wholly owned US subsidiary Vanacorp USA LLC, which owns a 100% interest in the East Canyon Project to UVRE. It is a condition precedent to the transaction that UVRE undertakes an IPO and is admitted to the Official List of the ASX.

Red Dirt Metals has commenced a first stage 25,000m programme at its recently acquired 100%-owned Mt Ida Lithium Project in Western Australia, which has multiple high-grade Lithium results from historic drilling and surface rock chips within the project area (see ASX announcements 7 and 28 September, 14 and 19 October 2021). Red Dirt Metals' primary focus over the immediate term will be the Mt Ida Lithium and Gold Project, together with its Western Australian gold assets including Eureka and Reids Ridge. The divestment of the East Canyon project will further support its strategy whilst retaining material equity exposure to the project for Red Dirt Metals and providing the opportunity for Red Dirt Metals shareholders to participate directly in the proposed UVRE IPO.

EAST CANYON PROJECT

The East Canyon Uranium-Vanadium Project comprises 231 contiguous claims (~4620 acres/18.7km²) prospective for uranium and vanadium in the Dry Valley/East Canyon mining district of south-eastern Utah, USA.

The Uravan Mineral Belt, which hosts the East Canyon claims, has been an important source of uranium and vanadium in the US for more than 100 years, with historic production of more than 85 million pounds of uranium at an average grade of more than 0.13% U₃O₈ and more than 660 million tonnes of vanadium at an average grade of 1.3% V₂O₅.

The East Canyon claims were targeted to an area with known historical workings, historic drill intercepts and historic production of both uranium and vanadium. Many of these workings remain open, accessible and in good condition with visible high-grade uranium-vanadium mineralisation present.

During 2018 and 2019, 26 samples were collected from eight sites including underground ribs/faces and ore dumps on the East Canyon claims. These samples assayed as high as 0.47% U₃O₈ and 9.21% V₂O₅¹. Abundant visible uranium-vanadium mineralised seams and zones were also observed in the workings.

During 2020, RDT carried out an initial exploration program at East Canyon consisting of mapping and sampling of two selected underground workings being Bonanza and None Such workings. Extensive workings were identified at Bonanza prospect and visible uranium and vanadium mineralisation was observed throughout both prospects. Extremely high handheld scintillometer readings were observed and associated with visible uranium mineralisation. Rock chip and channel samples were assayed along with mapping data, and numerous historical drill holes were identified.

Encouraging high grade assay results returned from underground channel sampling within both None Such and Bonanza workings include 0.6m @ 0.34% U₃O₈ and 1.55% V₂O₅; 1m @ 0.22% U₃O₈ and 2.29% V₂O₅; 1.5m @ 0.10% U₃O₈ and 0.88% V₂O₅ at None Such, and 1.25m @ 0.26% U₃O₈ and 1.68% V₂O₅; 1m @ 0.20% U₃O₈ and 1.89% V₂O₅; 1m @ 0.19% U₃O₈ and 1.08% V₂O₅ at Bonanza². Further high-grade uranium and vanadium results from samples that proved too highly radioactive for ALS laboratory in Nevada and were assayed at ALS's facility in Vancouver included: 1m @ 1.27% U₃O₈ and 4.53% V₂O₅; 0.6m @ 0.69% U₃O₈ and 2.82% V₂O₅; 2m @ 0.52% U₃O₈ and 2.87% V₂O₅³.

Based on the initial exploration work carried out, a further 31 claims were pegged and increased the contiguous landholding and significantly extended the interpreted mineralised uranium and vanadium strike trend at Bonanza and None Such. Priority drill exploration targets have been identified and an initial drilling program has been planned to further define the prospectivity of the project. Permitting for the initial drill program has been received and the first phase of drilling is planned to commence in due course.

The district hosts several significant uranium-vanadium deposits including Velvet-Wood, Rim, Columbus, Sage Plains and the La Sal Complex mines. The Rim mine was subject to the recent Acquisition and Strategic Alliance between TSX-listed Energy Fuels Inc. and Consolidated Uranium Inc.

Energy Fuels' White Mesa Mill, the only fully licensed and fully operating conventional uranium-vanadium mill in the US, is located within trucking distance (50km) of East Canyon along major highway 191. Energy Fuels has historically accepted toll treatment agreements as well as purchase programmes for processing ores from third-party mines. This may represent a low-cost opportunity for developers in the region to utilise existing infrastructure, eliminating the

¹ Refer ASX announcement 11 May 2020 by Red Dirt Metals Limited

² Refer ASX announcement 5 August 2020 by Red Dirt Metals Limited

³ Refer ASX announcement 11 August 2020 by Red Dirt Metals Limited

significant capital requirement of developing a mill. There is currently no relationship or arrangement in place between Energy Fuels and RDT.

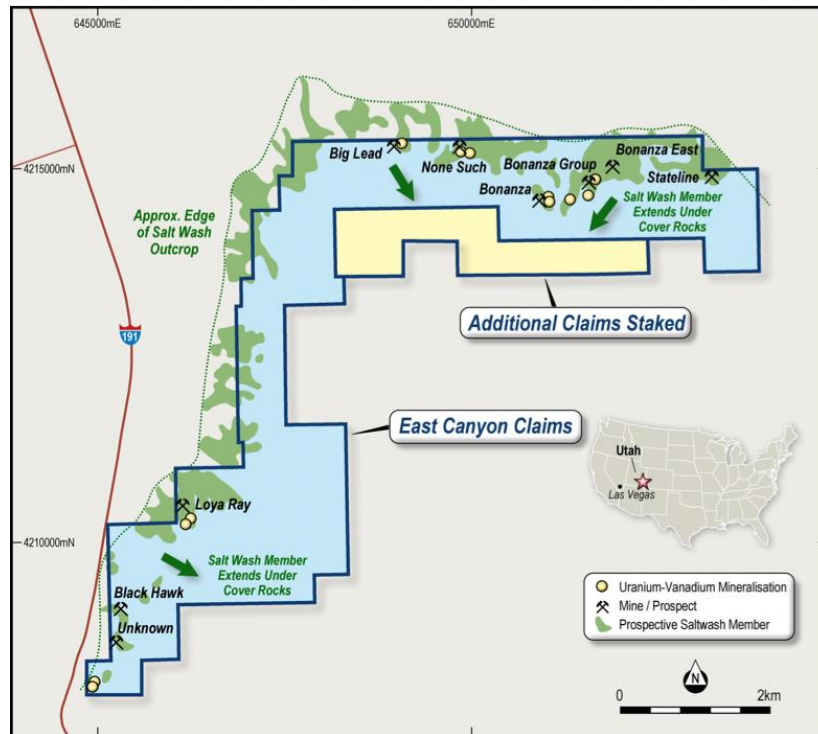


Figure 1. East Canyon Project Claims

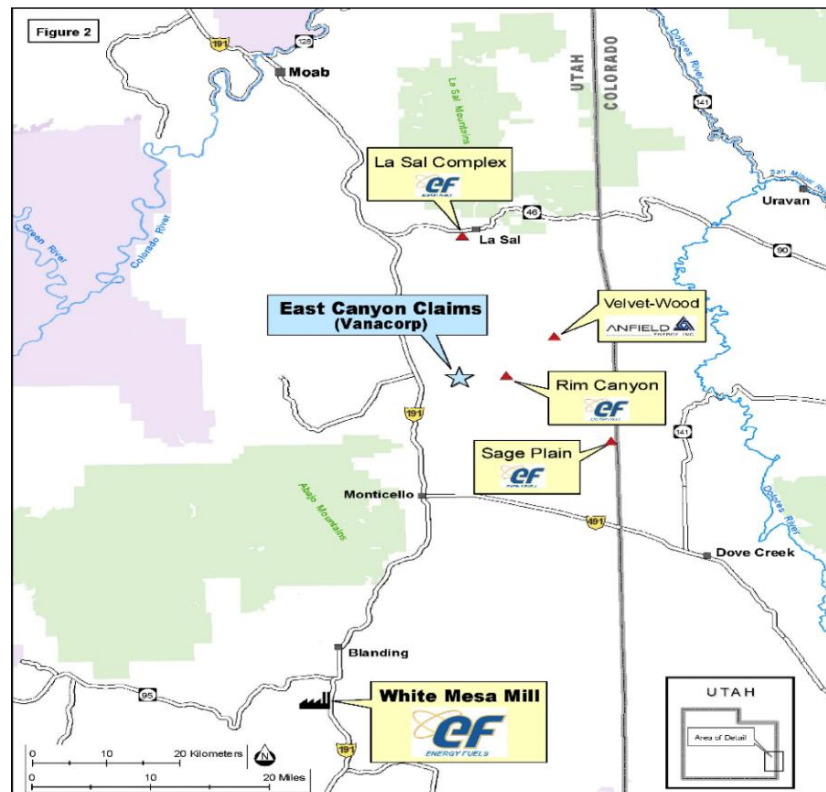


Figure 2. Location of the Project area. Surrounded by other Uranium Vanadium projects (various Technical reports Energy Fuels, Anfield Resources), major Hwy 191 runs adjacent to the East Canyon Project and White Mesa Mill 50km away. Note Rim mine subject to recent Acquisition and Strategic Alliance between TSX-listed Energy Fuels Inc. and Consolidated Uranium Inc.

AGREEMENT TERMS

Under the binding agreement between Red Dirt Metals and UVRE, UVRE agrees to acquire 100% of the issued share capital of Vanacorp Aust Pty Ltd (holder of the East Canyon Uranium-Vanadium Project) in return for the following consideration:

- 5,000,000 Shares at a deemed issue price of \$0.20 per Share, equating to \$1,000,000 in equity at the IPO price, which will be escrowed for 24 months under ASX Listing Rules;
- \$225,000 cash (plus any costs incurred by Red Dirt Metals in maintaining the claims in good standing prior to settlement), as a reimbursement of prior expenditure on the asset to date, subject to approval from ASX for the purposes of ASX Listing Rule 1.1 (Condition 11);
- Red Dirt Metals' shareholders to be offered a priority allocation in the proposed UVRE IPO capital raising of up to \$1,500,000;
- Red Dirt Metals to be entitled to nominate a member to the board of UVRE.

Completion of the acquisition subject to UVRE meeting or waiving a number of conditions precedent, including:

- UVRE completing due diligence on Vanacorp Aust Pty Ltd and the East Canyon Project, to its satisfaction;
- UVRE lodging an IPO prospectus with ASIC, and receiving valid acceptances under the prospectus to the value of not less than the amount required to satisfy the conditions in ASX Listing Rule 1.1
- UVRE receiving conditional listing approval to list on the ASX;
- the extinguishment of all intercompany loans between Red Dirt Metals and Vanacorp Aust Pty Ltd;
- UVRE agreeing to observe the terms of an existing royalty deed with respect to the East Canyon Project with the original vendors of the project;
- Red Dirt Metals performance rights on issue relating to the East Canyon Project (issued in 2020) to be cancelled, unless otherwise lapsing in accordance with their terms unvested on 31 December 2021; and
- other relevant regulatory and shareholder approvals (if applicable) and third-party consents which are customary for a transaction of this nature.

UVRE BOARD AND MANAGEMENT

It is proposed that the UVRE Board and Management will consist of Peter Woods as Managing Director, Steven Wood as Non-Executive Chairman, Cherie Leeden as in-country Technical Advisor, and Brett Mitchell and Charles Nesbitt as Non-Executive Directors.

Peter was the founder of the East Canyon Vanadium Uranium Project, pegging and sampling the initial claims in 2018 through Vanacorp, and has extensive corporate finance, capital markets and investment advisory experience across various industries.

Steven is a Chartered Accountant and Director at Grange Consulting Group Pty Ltd, specialising in corporate advisory, company secretarial and financial management services.

Cherie is a proven executive in the resources sector with multi commodity experience, resides in Nevada, USA, in close proximity to the East Canyon project.

Charles is a qualified geologist with over 22 years' experience in operational, technical and management roles in exploration and mining. Charles has extensive experience in the uranium industry having worked at all four of Australia's operating uranium mines (Olympic Dam, Beverly/Four Mile, Honeymoon and Ranger) as well as a number of undeveloped uranium deposits and exploration prospects across Australia.

Brett is the proposed nominee of Red Dirt Metals on the UVRE Board and is a corporate finance executive with over 25 years' experience primarily in the finance, capital markets and resources industries.

Further updates will be provided in due course.

Authorised for ASX lodgement by the Board.

Red Dirt Metals Limited
Matthew Boyes
Chief Executive Officer
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For information referring to the exploration results in this document, refer to announcements dated 11 May 2020, 24 June 2020, 5 August 2020, 11 August 2020, 2 October 2020 and 24 March 2021.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements; and that the information in the announcement relating to exploration results is based upon, and fairly represents the information and supporting documentation prepared by the named Competent Persons.