

ASX Announcement

EQUITY RAISING AND MATURITY OF CONVERTIBLE NOTES

24 July 2023

Greenwing Resources Ltd (**Greenwing** or the **Company**) (ASX:GW1) provides an update on its funding arrangements which sees Greenwing emerge with no secured debt, approximately \$9.5m in cash and security released over its assets.

The overhaul consists of an equity placement of \$2.7m which includes strong participation from directors of \$0.325m, an undrawn loan facility provided by Chairman Rick Anthon and the conversion of approximately 68% of its \$4.2m convertible notes into equity. Greenwing looks forward to continuing its development from the platform provided with the continuation of its program in Argentina at the exciting San Jorge Lithium project and its portfolio in Madagascar.

HIGHLIGHTS

- ◆ Financial restructure sees Greenwing emerge with no secured debt and approximately A\$9.5m in cash to continue its progress both in Argentina and Madagascar.
- ◆ Equity Raising completed by way of a placement at \$0.225 raising \$2.7m.
- ◆ Directors' participation in placement of \$0.325m.
- ◆ Additional \$1m debt facility provided by the Company's Chairman Rick Anthon.
- ◆ Security over the assets of the Company to be released.
- ◆ Approximately 68% of holders of Convertible Notes ("Noteholders") have converted their Notes into shares.
- ◆ Incentives to be issued to the Noteholders who have elected to convert to shares.
- ◆ Approximately 32% of Noteholders will have their Notes redeemed in accordance with the terms of issue.

OVERVIEW

Greenwing is currently undertaking a maiden drilling program at its exciting San Jorge lithium brine project in Argentina following the conclusion of a strategic placement to NYSE listed NIO Inc. at A\$0.55 in January 2023.

Additionally, Greenwing has a portfolio of assets in Madagascar including the Graphmada Graphite mine and the Millie's Reward hard rock lithium project. Greenwing notes with interest and anticipation recent developments in Madagascar with the recent passing of the new Mining Code.

EQUITY RAISING

To assist in funding the part redemption of Convertible Notes and to provide additional working capital, the Company has raised \$2.7 million as follows:

- \$2.375 million from a placement to professional and sophisticated investors (Placement); and
- \$0.325 million from directors subject to shareholder approval (Conditional Placement).

The offer price for the new ordinary shares to be issued is \$0.225 per share (Offer Price). 12 million new shares will be issued under the Placement and Conditional Placement.

The Offer Price is considered to be equivalent to the value received by Noteholders on conversion of their Notes inclusive of the incentive fees paid as noted below. The Offer Price represents a 1% premium to the last closing price of the Company's shares on 18 July 2023 (being the last trading day prior to the announcement of the equity raising) and a premium of 1.5% to the 15-day VWAP.

The Placement, which totals approx. 10.56 million new shares, is within the Company's current Listing Rule 7.1 capacity, and accordingly shareholder approval is not required for the Placement. Shares issued pursuant to the Placement are expected to be allotted on Friday 28 July 2023.

Shareholder approval is required for the Conditional Placement and a shareholder meeting will be convened in early September 2023.

BW Equities Pty Ltd managed the Equity Raising.

CONVERTIBLE NOTES

The Company had on issue unlisted convertible notes with a face value of approximately \$4.2 million which matured on 30 June 2023 ("Convertible Notes" or "Notes"). The Convertible Notes were originally issued in 2019, and the terms of issue (as amended) provide that each Note converts into 0.32 ordinary shares (effective conversion price of \$0.25), matures on 30 June 2023 and has an interest rate of 12% p.a. payable half yearly in arrears, which may be settled at the Company's election by the issue of ordinary shares issued the value of a 30-day VWAP. The Notes are redeemable at maturity unless converted prior.

Interest for the period to maturity will be settled in the form of ordinary shares, with 536,165 shares to be issued at a price of \$0.229 per share. An Appendix 2A will be lodged for this share issue shortly.

The Notes are secured over the assets of the Company (with some specific assets excluded) and this security will be released on completion of the redemptions and conversions.

CONVERSION INCENTIVES

In accordance with their terms of issue, any Notes not converted are redeemable for cash at maturity. The effective conversion price of the Notes is \$0.25. In the 3 months up until 30 June 2023, the Company's shares traded in the range of \$0.185 to \$0.28. Given the share price, it was considered likely that many holders may not convert their Noteholdings.

As a result, all Noteholders (other than related parties of the Company) were offered, at their election, the opportunity to receive an incentive of a fee of 2.5% of the face value of the Noteholding being converted, plus 1 option for each 2 shares to be issued on conversion of their Noteholding. The 2.5% fee is to be settled by the issue of additional ordinary shares at an issue price of \$0.25 each, and the options are on the same terms as a current series of unlisted options exercisable at \$0.60 each on or before 30 June 2025.

Approximately 68% of Noteholders (representing face value of approximately \$2.8m) accepted this offer, which will result in approximately 11.3 million shares being issued on conversion of the Convertible Notes, plus an additional 0.28 million shares and 5.65 million options being issued as incentives to convert.

The issue of the Convertible Notes was previously approved by shareholders and accordingly shares issued upon conversion can be issued without using the Company's ASX listing rule 7.1 capacity. The incentive share and option issues (totalling 5.93 million securities) will be issued from the Company's existing ASX listing rule 7.1 capacity. An ASX Appendix 2A will be lodged in respect of the share issues and Appendix 3G in respect of the option issue as soon as the numbers are finalised.

All Convertible Notes that were not converted will be redeemed in accordance with their terms and the relevant security over the Company's assets will be released.

DEBT FACILITY

To assist with the Company's potential future funding requirements, the Company's Chairman, Rick Anthon has agreed to provide an unsecured debt facility of up to \$1 million. The terms of the facility, which are standard for this type of arrangement, include an interest rate payable of 14% p.a., and maturity of 31 December 2023. The Board (with Mr Anthon abstaining) determined that the short term loan was on arms' length terms and in the best interests of the Company given the timing of funding and market conditions.

For further information:

visit www.greenwingresources.com or contact: peter@greenwingresources.com

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This announcement has been approved by the Company's Board of Directors for release.

ABOUT GREENWING RESOURCES

Greenwing Resources Limited (ASX:GW1) is an Australian-based critical minerals exploration and development company committed to sourcing metals and minerals required for a cleaner future. With lithium and graphite projects across Madagascar and Argentina, Greenwing plans to supply electrification markets, while researching and developing advanced materials and products.