

ASX ANNOUNCEMENT | 24 September 2024

ASKARI SECURES LONG TERM FUNDING PACKAGE TO ACCELERATE URANIUM STRATEGY IN TANZANIA



HIGHLIGHTS

- Askari successfully secures long term funding package through the issue of Convertible Notes with a 2 year maturity, raising \$920,000 (before costs), subject to shareholder approval
- The proceeds raised from the Convertible Note will be used to repay in full the loan advanced to the Company by certain lenders in the amount of \$760,000 as announced on 23 July 2024
- The Company intends to undertake a priority offer of new options to existing AS20 option holders, subject to shareholder approval, with the proposed options to be listed on ASX, subject to meeting ASX Listing Rule requirements
- Priority offer of options provides additional upside to the long-term AS20 option holders of the Company as the strategy and direction of the Company across lithium and uranium in Africa continues to build momentum
- Long term funding solution strengthens the balance sheet of the Company and provides significantly reduced funding pressures and further certainty and flexibility for the ongoing operational costs of the Company
- The Company has also implemented additional capital preservation strategies including the conversion of outstanding directors fees and consulting fees into equity in the Company, subject to shareholder approval
- The Company is aggressively pursuing its Tanzanian uranium acquisition strategy, building upon the strategic position set by the Company through the acquisition of the Matemanga Uranium Project and reinforcing the Company's African-focused clean energy mandate

Askari Metals Limited (ASX: AS2) ("**Askari**" or "**Company**") is pleased to announce it has entered into a convertible note trust deed ("**Convertible Note Deed**") with Lawson Mining Pty Ltd (ACN 679 012 232) ("**Trustee**") as trustee for certain sophisticated and professional investors ("**Noteholders**") pursuant to which the Company has agreed to issue convertible notes ("**Convertible Notes**") to raise \$920,000 (before costs), subject to obtaining shareholder approval.



In addition, the Company intends to undertake a priority offer of options to existing AS20 option holders, subject to shareholder approval. The AS20 options will expire on 31 October 2024. The options proposed to be issued to those AS20 option holders as at the Record Date (*indicatively set as 1 October 2024, subject to change*) are intended to be listed on ASX, subject to the Company meeting the ASX Listing Rule requirements.

Askari Managing Director Gino D'Anna stated:

"This is a crucial step which has allowed us to improve the balance sheet of the Company. We have been able to secure a long-term 2-year Convertible Note providing flexibility and certainty over the future funding requirements of the Company whilst also removing any imminent funding pressures. This will enable us to continue executing our aggressive uranium acquisition strategy in Tanzania, strengthening our stronghold in the sector following the recent acquisition of the Matemanga Uranium Project, positioning Askari to unlock further advanced opportunities.

We are also proposing to provide a priority offer of options to the AS20 option holders which will provide additional upside to the long term AS20 option holders as the strategy and direction of the Company across lithium and uranium in Africa continues to build momentum.

We look forward to keeping our shareholders and investors updated as we progress."

Convertible Note Funding Package

As summarised above, the Company has entered into the Convertible Note Deed whereby it has agreed to issue the Convertible Notes to raise \$920,000 (before costs), subject to obtaining shareholder approval.

The Company has sought confirmation from ASX that the issue of Convertible Notes and Collateral Shares (defined below) are appropriate and equitable for the purposes of ASX Listing Rule 6.1, and ASX has confirmed it does not object to the terms of the Convertible Notes and the Collateral Shares.

The amount raised through the issue of the Convertible Notes will be used, in order of priority, for the following purposes:

- any fees, interest or other amounts which are payable to the Noteholders and/or their advisers which are in connection with the Convertible Note Deed, or the transactions contemplated by it;
- in full and final repayment of the loan advanced by certain lenders to the Company as announced on 23 July 2024 for a principal amount of \$760,000; and
- general working capital purposes.

The full terms and conditions of the Convertible Note Deed are set out in Annexure A.

The Company has engaged GBA Capital Pty Ltd (ACN 643 039 123) ("**GBA**") to act as lead manager and bookrunner of the proposed issue of Convertible Notes. The Company has agreed to pay GBA a capital raising fee equal to 5% of the amount raised by the issue of the Convertible Notes in consideration for its services.



The Company is proposing to seek the required shareholder approvals under the Convertible Note Deed at an upcoming general meeting ("**General Meeting**"). The Company will release a notice of meeting for these purposes in due course.

Priority Offer of Options for AS20 Option Holders

Subject to receiving shareholder approval, the Company intends to offer eligible holders of the existing AS20 listed Options ("**AS20 Options**") a non-renounceable priority offer to subscribe for 2 New Options for every 1 AS20 Option held at an issue price of \$0.001 per New Option ("**Priority Offer**").

The New Options will have an exercise price of \$0.065 each expiring on 31 December 2027. The Company intends to apply for the quotation of the New Options subject to meeting ASX Listing Rule requirements.

The Company is proposing to seek the required shareholder approvals for the Priority Offer at the General Meeting.

Funds raised under the Priority Offer will be allocated towards funding the exploration of the Company's projects and for general working capital purposes. The Company intends to release a prospectus ("**Prospectus**") for the Priority Offer following the General Meeting. Eligible AS20 Option holders should consider the Prospectus in deciding whether or not to acquire securities under the Priority Offer and will need to complete their personalized application form that will accompany the Prospectus.

The Company advises that, should they be eligible and subject to shareholder approval, Mr Gino D'Anna and Mr Robert Downey intends to take up any entitlements available to them under the Priority Offer.

Capital Preservation Strategies

In line with the Company's need to preserve capital and to maximise available funding for continued exploration, the Directors and CFO, have agreed to convert their accrued directors fees and consulting fees into equity in the Company, subject to shareholder approval.

The Company is proposing to seek the required shareholder approvals to convert accrued director and consulting fees into equity at the General Meeting.

This will ensure that the Company's balance sheet is further strengthened and will allow the Directors to participate in the equity upside of the Company through this conversion process. Director fees and consulting fees have not been paid to the Directors or the CFO for a period of 10 months to ensure sufficient capital remained available for continued exploration and to enable the Company to execute the uranium acquisition strategy in Tanzania.

Ongoing Strategic Review and Sale Process of Australian Assets

Further to the ASX announcement dated 23 August 2024 ([*Askari Executes Agreement to Sell the Callawa Project*](#)), the Company continues to evaluate potential opportunities to enhance the value of its Australian based exploration project portfolio, including the Burracoppin Gold Project, the Mt Maguire



Gold Project, the Red Peak REE Project, the Horry Copper-Gold Project and the Springdale Gold-Copper-PGE Project. The Company is currently reviewing opportunities for these projects including joint ventures and other investment mechanisms to enhance the value of these Australian projects.

The Company will continue to keep shareholders informed as potential opportunities arise to monetise and add value to these projects, whilst further streamlining the Company's focus in Tanzania and Namibia.

Update: Uis Lithium Project, Namibia

The Company advises that the lengthy delay faced with the receipt of the laboratory assay results from the Phase I Trenching and Channel Sampling program at EPL 7345 which was completed earlier this year has been overcome. The Company is now working with Act Labs to ensure that the assay results are received in a timely manner and that once received, results are analysed and modelled in preparation for release to shareholders.

The on-site laboratory comprising of the pellet press machine, LIB's machine and p-XRF have also been set up at the Company's office in Uis which will fast track receipt of future assay results and allow the Company to rapidly analyse results and plan upcoming field programs.

In line with the capital preservation strategies implemented by the Company, a reduced team remains working at the Uis Lithium Project in Namibia with a focus on low-cost, high-impact exploration which will deliver further high-confidence trenching targets and priority drilling targets.

The Company also notes that its neighbour to the Uis Lithium Project, Andrada Mining Limited (AIM: ATM), has recently entered into an agreement with Chile's SQM whereby SQM will earn a half share of the Lithium Ridge Project in three stages of investment.

The transaction between Andrada Mining and SQM highlights the value proposition for lithium in Namibia and specifically in Uis which is positioned within 230km of the deep-water port of Walvis Bay. Whilst we continue to see material uncertainty in future lithium prices, M&A activity such as this transaction between Andrada and SQM underpins the strategic exposure that Askari controls with its 380km² landholding across the Uis-Cape Cross Pegmatite Belt.

Refer to [Andrada scores deal with Chile's SQM for lithium prospect - Miningmx](#) for further information.

Update: Tanzanian Uranium Acquisition Strategy

In keeping with the Company's African-focused clean energy mandate and building upon the strategic acquisition of the Matemanga Uranium Project, the Company has been actively engaged in reviewing a number of complementary acquisition opportunities for uranium in Tanzania. The Company believes that the exposure to in-demand uranium in the safe operating jurisdiction of Tanzania complements the Company's existing lithium projects in Namibia and allows the Company to leverage its experience and knowledge built up by the Company's existing African-based technical team.

The Company will keep its shareholders and investors updated as these acquisitions progress.



Clarification of Funding Arrangements Announced on 23 July 2024

Askari also wishes to clarify an important detail regarding the announcement made on 23 July 2024 regarding the issue of Redeemable Notes ("**Redeemable Note Announcement**"). Askari wishes to clarify that the Redeemable Note Announcement incorrectly referred to a loan agreement entered into with certain lenders ("Lenders") as announced on 23 July 2024 ("**Loan Agreement**") in respect of a loan advanced for a principal amount of \$760,000 ("**Loan**") as 'Series A Redeemable Notes'.

Askari would like to confirm that the correct designation for the funding was simply a loan and not redeemable notes.

Askari further advises that it has entered into amendment deeds whereby the Company and the Lenders have agreed to:

- (a) extend the maturity date of the Loan from 22 September 2024 to 22 November 2024, subject to interest being charged at 2% per month; and
- (b) vary the terms of the free-attaching options the Company previously agreed to issue to the Lenders (as noted in the 23 July 2024 announcement), subject to obtaining shareholder approval, such that they will be issued on the same terms as the free-attaching options issuable to the Noteholders. Refer to Annexure A for further details.

All other terms and conditions of the Loan disclosed in the announcement dated 23 July 2024 remain unchanged and consistent with the Loan Agreement.

For the avoidance of doubt, Askari confirms that the disclosure regarding the Series B Redeemable Notes in the Redeemable Note Announcement is accurate and consistent with the terms of the funding for that raise.

This announcement is authorised for release by the Board of the Company.

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FOR FURTHER INFORMATION PLEASE CONTACT

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ABOUT ASKARI METALS

Askari Metals is a focused Southern African exploration company. The Company is actively exploring and developing its Uis Lithium Project in Namibia located along the Cape-Cross – Uis Pegmatite Belt of Central Western Namibia. The Uis project is located within 2.5 km from the operating Uis Tin-Tantalum-Lithium Mine which is currently operated by Andradia Mining Ltd and is favourably located with the deep water port of Walvis Bay being less than 230 km away from the Uis project, serviced by all-weather sealed roads. In March 2023, the Company welcomed Lithium industry giant Huayou Cobalt onto the register who remains supportive of the Company's ongoing exploration initiatives.

The Company has also recently acquired the Matemanga Uranium Project in Southern Tanzania which is strategically located less than 70km south of the world-class Nyota Uranium Mine. Askari Metals is actively engaged in due diligence to acquire further uranium projects in this emerging tier-1 uranium province.

The Company also holds a portfolio of Australian projects which including highly prospective gold, copper, lithium and REE projects.

For more information please visit: www.askarimetals.com

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements concerning Askari Metals Limited. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the Company's beliefs, opinions and estimates of Askari Metals Limited as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.



Annexure A – Summary of material terms and conditions of Convertible Note Deed

Issuer	Askari Metals Limited / the Company
Convertible Notes	920,000 Convertible Notes
Trust	<p>The Trustee is appointed as trustee of the “AS2 Convertible Note Trust” and agrees to perform its obligations for the benefit of the Noteholders.</p> <p>The Noteholders are the persons beneficially entitled to:</p> <ul style="list-style-type: none"> (a) the right to enforce the Company’s duty to repay the Convertible Notes and/or issue securities and to pay the Noteholders’ fees and interest pursuant to the Convertible Note Deed; and (b) any other property held by the Trustee on the trust established by the Convertible Note Deed.
Subscription Amount	\$920,000 (before amounts that the Noteholders are entitled to withhold from the subscription amount) (Subscription Amount)
Face Value	\$1 per Convertible Note
Security	Unsecured
Maturity Date	24 months from the date of issue
Conditions Precedent	<ul style="list-style-type: none"> (a) the Company having convened a shareholder meeting and obtained the following shareholder approvals: <ul style="list-style-type: none"> (i) approval to issue the Convertible Notes and the shares to be issued on conversion of the Convertible Notes; (ii) approval to issue the Initial Collateral Shares (defined below) to the Trustee (or its nominee); and (iii) approval to issue up to 20,000,000 Additional Collateral Shares (defined below) to the Trustee (or its nominee); (b) provision of board resolution approving the terms of the Convertible Notes and related transactions; (c) all documents and other evidence reasonably requested by the Trustee in order for the Trustee to carry out all necessary “know your customer” or other similar checks; and (d) the parties obtaining all necessary corporate, governmental and regulatory approvals, consents and waivers to lawfully complete the transactions contemplated by the Convertible Note Deed, <p>(together the Conditions Precedent).</p>
Noteholder Options	<p>The Company will issue an aggregate of 4,600,000 options to the Noteholders, on the same terms and conditions as options to be issued as part of a future equity raising (Noteholder Options), immediately following satisfaction of the following conditions:</p> <ul style="list-style-type: none"> (a) the completion of the future equity raising within 12 months of the date of the Convertible Note Deed; (b) ASX having given conditional approval to list the Options offered under the future equity raising as a secondary class of quoted security on the ASX; and (c) the Company obtaining shareholder approval to issue the Noteholder Options either prior to or within 60 days of completion of the future equity raising, <p>(together, the Conditions)</p> <p>The Company must take all steps necessary and required to facilitate the quotation of the Noteholder Options either simultaneously with the options offered under the future equity raising (if the class is not yet quoted) or within 2 days of their issue (if the class is already quoted).</p> <p>If any of the Conditions are not satisfied, the Company must pay each Noteholder a cash settled amount equal to the value of its respective number of Noteholder Options at the higher of the market price of the Options issued as part of the future equity raising (if quoted at the time on the ASX) or a Black & Scholes Valuation of the Noteholder Options.</p>
Escrow and Non-Conversion Period	Until 31 October 2024
Interest	An interest payment of \$110,000, representing total interest payable on the Convertible Notes for the first 12-month period commencing from the Completion Date, is charged up-front on the Convertible Notes



	<p>(Interest Payment). Each Noteholder is entitled to withhold its respective Interest Payment from the Subscription Amount on the Completion Date.</p> <p>From the date that is 12 months from the Completion Date until the Maturity Date, interest is charged at 12% per annum, payable quarterly in Shares or cash at the Noteholder's election, the Share price being equal to the 5-trading day VWAP of Shares up to the end of the quarter.</p>
Conversion	<p>After 31 October 2024, each Convertible Note is convertible into Shares at the Noteholder's election at a conversion price equal to the lower of:</p> <ul style="list-style-type: none"> (a) \$0.065; and (b) 15% discount to 5 trading day VWAP, provided that the conversion price calculated in accordance with this paragraph (b) is not less than \$0.01, and where the calculation would result in a Conversion Price less than \$0.01, the Conversion Price will be \$0.01, <p>(Conversion Price).</p>
Redemption Event	<p>Noteholders may elect to redeem the Convertible Notes prior to the Maturity Date in cash where there has been:</p> <ul style="list-style-type: none"> (a) an event of insolvency in relation to the Company; (b) a breach of the Company's obligations under the Convertible Note Deed, and such breach is not remedied within 30 days; (c) a Change of Control in relation to the Company; (d) suspension of the Company's securities from official quotation on the ASX for 5 trading days or more; or (e) the Company undertakes or purports to undertake a transaction which would result in the disposal of all or substantially all of the Company's assets. <p>Change of Control means, in relation to the Company, a person other than a Noteholder acquiring a Voting Power (as defined in the Corporations Act) in Shares in excess of 50% after the date of the Convertible Note Deed.</p>
Early Redemption	<ul style="list-style-type: none"> (a) Prior to the Maturity Date, the Company may redeem some or all of the Convertible Notes, at any time, by giving the Noteholders at least 10 business days (or such shorter period as agreed by the Noteholders) prior notice in writing and paying the Noteholders the amount equal to the Face Value of the Convertible Notes redeemed plus any interest accrued on the Convertible Notes to be redeemed plus a 5% fee calculated based on the outstanding amount owing on the Convertible Notes being redeemed. (b) Any Convertible Notes redeemed in accordance with paragraph (a) will reduce the outstanding amount by an amount equal to: <ul style="list-style-type: none"> (i) the Face Value of the Convertible Notes the subject of the early redemption; plus (ii) the interest accrued on the Convertible Notes the subject of the early redemption.
Initial Collateral Shares	4,800,000 Shares (Initial Collateral Shares)
Collateral Share Cap	24,800,000 Shares (Collateral Share Cap)
Deemed Redemption on sale of Collateral Shares	<p>After 31 October 2024, the Trustee may elect to redeem Convertible Notes prior to the Maturity Date by selling the Initial Collateral Shares from time to time with the sale proceeds deemed to be applied automatically to redeem Convertible Notes (at a discount) pro-rata to each Noteholder's ownership percentage of the Convertible Notes in accordance with the following formula:</p> <p>$LS \times RP = RN$</p> <p>Where:</p> <p>LS = means the number of Initial Collateral Shares sold.</p> <p>RN = means the face value of Convertible Notes to be redeemed.</p> <p>RP = means redemption price, being the lower of:</p> <ul style="list-style-type: none"> (i) \$0.065; and (ii) 7.5% discount to 5 trading day VWAP prior to the date of sale.
Additional Collateral Shares	<p>Subject to the Collateral Share Cap, if, at any time prior to the Maturity Date, the number of Shares issued to the Trustee as collateral Shares (Collateral Shares) which remain unsold by the Trustee represents 20% or less of the number of Initial Collateral Shares originally issued (being 960,000), the Trustee may give the Company written notice (Top-up Notice) requesting that the Company issues additional Shares to the Trustee as Collateral Shares (Additional Collateral Shares), so that following the issue, the total Collateral Shares will be of a deemed value (based on the 5-day VWAP up to and including the last trading day prior to</p>



	<p>the general meeting convened to approve the issue of the Additional Collateral Shares) up to an amount equal to 50% of the aggregate face value of the then outstanding Convertible Notes for nominal consideration.</p> <p>For the avoidance of doubt, the Company is not obligated to issue any Additional Collateral Shares pursuant to a Top-up Notice, if the issue of those Shares will exceed the Collateral Share Cap.</p> <p>The issue of Additional Collateral Shares is subject to shareholder approval for the purposes of Listing Rule 7.1.</p> <p>The parties can mutually agree to issue more Additional Collateral Shares, subject to shareholder approval.</p>
Cancellation of Collateral Shares	<p>If, at the Maturity Date, the Trustee remains the holder of any Collateral Shares, the Company shall be entitled to buy-back and cancel such Shares or arrange for the remaining Collateral Shares to be sold on terms acceptable to the Trustee.</p>

