

SALE OF ECUADORIAN PROJECT TO BARRICK

- Purchase Agreement executed with Barrick Gold (Ecuador) S.A. in relation to the sale of the Valle del Tigre II mineral concession in southeast Ecuador
- Total cash consideration of approximately US\$320,000 (~A\$475,000)
- Somerset to be granted a 1.5% net smelter royalty on completion of the transaction
- Somerset to retain the Rio Zarza Project which is located adjacent to the Fruta del Norte mine

Somerset Minerals Ltd (“**Somerset**” or the “**Company**”) (**ASX:SMM**) is pleased to announce that its wholly owned subsidiary, Miningsources S.A., has entered into a Purchase Agreement (“**Agreement**”) with Barrick Gold (Ecuador) S.A. (“**Barrick**”) for the sale of the Valle del Tigre II mineral concession (the “**Project**”) in south-east Ecuador. The sale of the Project allows Somerset to focus on the Company’s newly acquired Prescott Base Metals Project in Nunavut, Canada.

Under the terms of the Agreement, Barrick has agreed to pay Somerset total cash consideration of US\$320,194 (~A\$475,000¹), comprising US\$20,194 as a reimbursement for annual conservation patent fees paid by the Company and \$300,000 upfront cash consideration to be received in accordance with the Agreement, subject to completion of the transaction occurring.

On completion of the transaction, Barrick will also grant the Company a 1.5% net smelter return royalty over the area of the Project to be documented in a formal royalty agreement (“**Royalty Agreement**”). The Royalty Agreement will also contain:

- a buy-down provision allowing Barrick to reduce the royalty to 0.5%, for a fixed price of US\$1,000,000; and
- a right of first refusal in favour of Barrick on any transfer or assignment of the royalty or any rights under the Royalty Agreement by the royalty holder.

The Company acquired the Zamora Projects in 2019, located in the Cordillera del Condor mineral belt of southeast Ecuador. The Zamora Projects include the Valle del Tigre Project and the Rio Zarza Project. Post completion of the transaction, the Company will continue to hold the Rio Zarza Project (Figure 1).

The sale is scheduled for completion in the December quarter 2024 and is conditional upon the satisfaction (or waiver) of a number of conditions precedent considered standard for transactions of this nature, including Miningsources S.A. obtaining ministerial approval to transfer the mineral concession the subject of the Valle del Tigre II project to Barrick and entry into the Royalty Agreement.

The Company also confirms that it has obtained confirmation from ASX that ASX Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the sale of the Project.

¹ USD:AUD exchange rate of 1.48

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Managing Director, Chris Hansen, commented, “We are excited to announce the agreement with Barrick for the sale of the Valle del Tigre II project. This transaction not only brings substantial value to our shareholders but also allows us to focus our efforts on the newly acquired Prescott Base Metals Project in Nunavut, Canada.

With exploration activities already underway at Prescott, we eagerly anticipate the completion of the geophysical survey in July, followed by a targeted geochemical program in early August. We believe this strategic shift will enhance our focus, and we are incredibly excited to see the potential that the Prescott Project can deliver.”

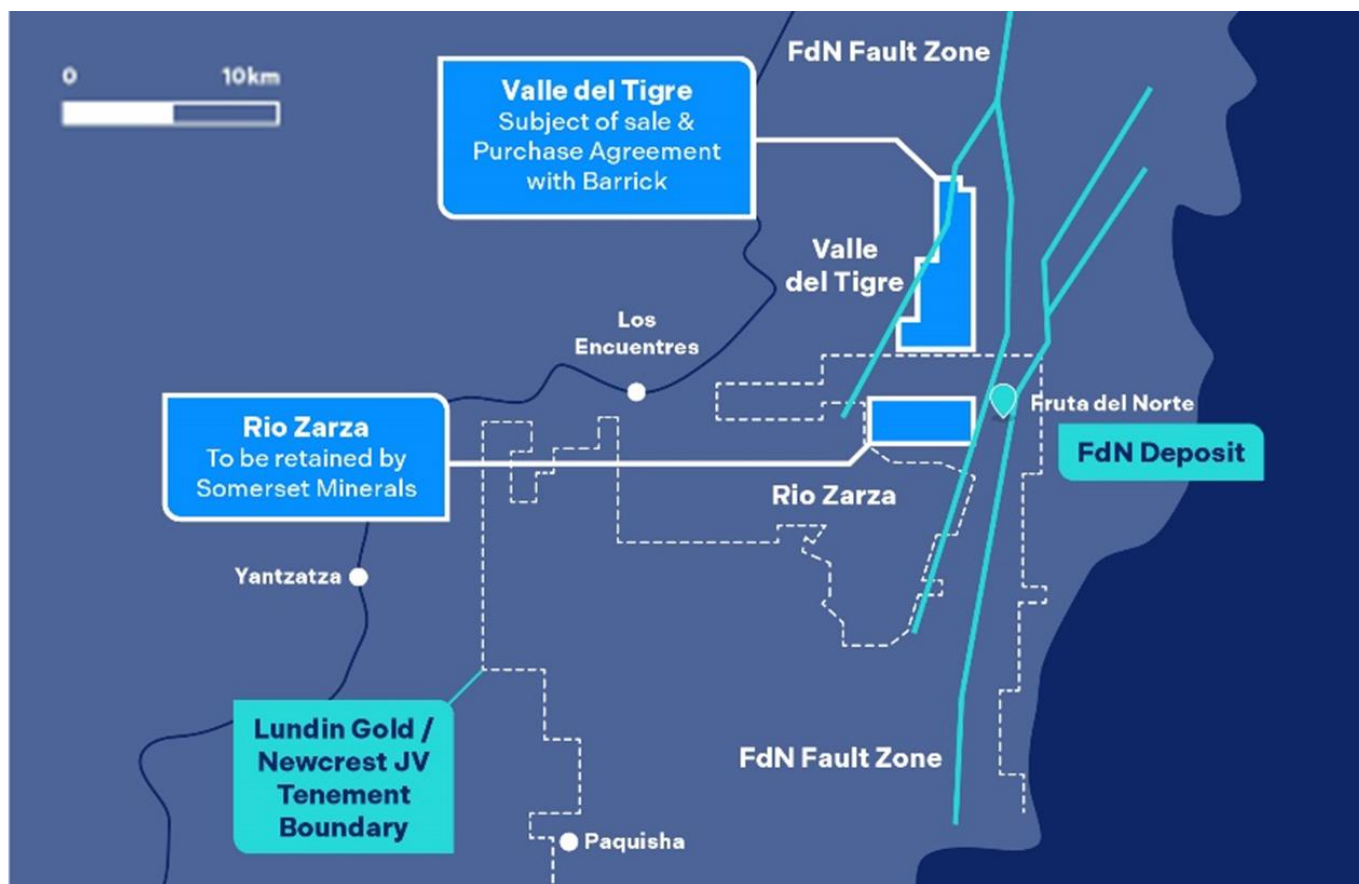


Figure 1: Zamora Project locations showing both Valle del Tigre and Rio Zarza

This announcement is authorised by the Board of Directors.

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For further information:

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ABOUT SOMERSET MINERALS LTD

Somerset Minerals Ltd (“Somerset”) is a growth orientated base metals and gold exploration company listed on ASX (“SMM”). Somerset is actively exploring projects located in Canada and Ecuador, including the Prescott Project in Nunavut which is interpreted to host an anticlinal repetition of the same geological formation hosting American West Metals Limited’s (ASX:AW1) Storm Copper Project² and the Blackdome-Elizabeth Project, a high-grade gold past producing project located in Southern British Columbia. Additionally, the Company holds two exploration projects located in south-east Ecuador, the Rio Zarza and the Valle del Tigre projects.

FORWARD-LOOKING INFORMATION AND STATEMENTS

The information contained in this release is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this release, the Company has not considered the objectives, financial position or needs of any particular recipient. The information contained in this release is not a substitute for detailed investigation or analysis of any particular issue and does not purport to be all of the information that a person would need to make an assessment of the Company or its assets. Current and potential investors should seek independent advice before making any investment decisions in regard to the Company or its activities.

This announcement includes “forward-looking statements” within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of the words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “guidance” and other similar expressions. Indications of, and guidance on, future earning or dividends and financial position and performance are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

This announcement is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this announcement nor anything contained in it forms the basis of any contract or commitment.

² Refer to AW1’S ASX Announcement on 30/01/2024 - Maiden JORC MRE for Storm. There is no certainty that further work by the Company will lead to achieving the same size, shape, grade, or form of the comparison resource. The Company’s project is in a different stage of development and that further exploration needs to be undertaken to further prove or disprove any comparison.

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