

SOMERSET ARRANGES UP TO \$1.0 MILLION OF CONVERTIBLE LOAN NOTES

- Somerset has entered into an Agreement with RM Corporate Finance Pty Ltd to provide two Convertible Loan Notes totalling up to \$1.0 million over the next three months
- Commitment letters for the first Convertible Loan Note of \$0.60 million have been received
- The second Convertible Loan Note for \$0.40 million will be at the Company's election
- Sale of Valle del Tigre II mineral concession expected to close during the current quarter
- Assay results from the Prescott Project geochemical program expected in the next 2-4 weeks
- Geophysical survey now completed for the season with 65% of planned line kilometres flown
- Recent divestments of non-core assets have provided the Company with non-dilutive funding sources totalling ~\$640,000, and include the sale of the Valle del Tigre II mineral concessions to Barrick Gold and the staged divestment of the Blackdome-Elizabeth project
- The Company continues its search for complementary base metal exploration assets

Somerset Minerals Ltd ("**Somerset**" or the "**Company**") (**ASX:SMM**) is pleased to announce that it has entered into an Agreement with RM Corporate Finance Pty Ltd to provide up to two Convertible Loan Notes totalling \$1.0 million ("**Loan Notes**") to Somerset. The conversion of the Loan Notes will be subject to shareholder approval. The principal terms of the Loan Notes are set out below.

Proceeds from the Loan Notes will principally be used by the Company to fund the completion of the aggressive exploration activities across the Prescott Project, targeting both sedimentary-hosted copper deposits (Cu-Ag) and Mississippi Valley-type deposit (Zn-Pb), as well as assessing complimentary base metals assets.

Managing Director, Chris Hansen, commented, *"The past months have been a transformational period for the Company as we have sought to test the true geological potential of the Prescott Copper & Base Metals Project through both geophysical and geochemical programs.*

Following the early success at the Miguel & Jab prospects, where the Company identified two new gossans, we are now eagerly anticipating the results from the 3D inversion of the geophysical survey and the receipt of the geochemical results to better understand the full potential of this region.

As the global search for new copper and base metals discoveries intensifies, our strategic move into this region has been further validated by major players like BHP who are actively exploring the nearby islands of Bathurst, Axel Heiberg, and Melville, highlighting the potential for world-class discoveries in this historic mining region.

We would like to thank our existing shareholders and the support of the new Loan Note holders"

SOMERSET MINERALS LTD

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LOAN NOTES SUMMARY

The key commercial terms of the Loan Notes are set out as follows;

- 1) **Security Description:** Convertible Note.
- 2) **First Tranche:** \$600,000 by 5.00pm AWST 11th October 2024.
- 3) **Second Tranche:** \$400,000 by 5.00pm AWST 4th December 2024 (at the Company's discretion).
- 4) **Security:** Unsecured.
- 5) **Interest Rate:** 8% payable quarterly in arrears and payable in Shares (subject to shareholder approval, at an issue price equal to 80% of the 5-day volume weighted average share price ("VWAP") at the end of each calendar month).
- 6) **Converting:** Subject to shareholder approval, the Loan Notes, in part or whole, will convert into ordinary fully paid shares ("Shares") in the capital of Somerset at the lesser of:
 - (a) \$0.008; or
 - (b) 80% of the 15 trading day VWAP,per Share, provided that, if 80% of the 15 Trading Day VWAP is less than \$0.002, it will be taken to equal \$0.002, together with one for two free attaching options to acquire Shares at an exercise price of 1 cent each on or before 30 November 2027 ("Options").

Repayment Date: The earlier of:

- (a) 5pm (Perth time) on the date that is three (3) months from the date of the shareholders' meeting to approve the conversion of the notes and accrued interest into Shares and Options; and
 - (b) upon the occurrence of an event of default under the Lone Note deed.
- 7) **Fees:** A placement fee of 6% of the value of the funds raised is payable to RM Corporate Finance Pty Ltd ("RM Corporate Finance") which may be converted to equity at the election of RM Corporate Finance (subject to shareholder approval). Subject to receipt of shareholder approval (at the annual general meeting of shareholders to be held Tuesday, 26 November 2024), the Company will also issue:
 - (a) 25,000,000 options to RM Corporate Finance with an exercise price of 1.0 cents each and an expiry date of 30 November 2027; and
 - (b) Subject to the completion of the Second Tranche, a further 25,000,000 options to RM Corporate Finance with an exercise price of 1.0 cents each and an expiry date of 30 November 2027.
- 8) **Director Participation:** Director Chris Hansen (or his nominees) intends to participate in the First Tranche of the Loan Note for an amount of \$50,000. The participation of Chris Hansen (or his nominee) will be subject to the receipt of shareholder approval pursuant to Listing Rule 10.11 at the Company's upcoming annual general meeting.

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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 Project¹ and the Blackdome-Elizabeth Joint Venture 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.

¹ 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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