

Defense Metals Announces Convertible Bridge Financing

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VANCOUVER, BC, Aug. 28, 2024 /CNW/ - [Defense Metals Corp.](#) ("Defense Metals" or the "Company"; (TSXV: DEFN) (OTCQB: DFMTF) (FSE: 35D) is pleased to announce a proposed non-brokered bridge financing of secured convertible notes (the "Notes") for minimum gross proceeds of CAD\$2,500,000 and maximum gross proceeds of up to CAD\$4,000,000 (the "Offering"). The Company will not proceed with its previously announced private placement of units most recently disclosed in the Company's news release dated August 6, 2024.

The Notes will bear interest from the date of issuance at the rate of ten percent (10%) per annum, payable quarterly in common shares of the Company ("Common Shares") at a price per share equal to the applicable 20-day volume weighted average price of the Common Shares on the TSX Venture Exchange (the "TSXV"), or such other price determined in accordance with the policies of the TSXV. The Notes will mature on the date that is 12 months after the date of issuance. At any time up to seven days prior to a Mandatory Conversion Event (as defined below), investors may elect to convert the principal amount of the Notes into Common Shares at a deemed price per share of \$0.125 (the "Conversion Price").

The Notes will automatically convert into Common Shares upon the occurrence of certain events (each, a "Mandatory Conversion Event"), including the completion by the Company of a new issuance of equity as part of a minimum CAD\$4,000,000 financing from third party sources (excluding conversion of the Notes), completion of a sale of all or substantially all of the Common Shares or assets of the Company, or completion of a merger or other corporate transaction coincident with a minimum CAD\$4,000,000 fundraise from third party capital (excluding conversion of the Notes). Upon the occurrence of a Mandatory Conversion Event, the principal amount of the Notes will automatically convert into Common Shares at a fifteen percent (15%) discount to the applicable price of the offering implied by the Mandatory Conversion Event, provided that if such conversion price would be less than the Conversion Price there will be no mandatory conversion.

The Notes will be issued on a private placement basis to eligible accredited investors. , including lead orders from RCF Opportunities Fund II L.P. ("RCF") and Guy de Selliers, Defense Metals' Executive Chairman. RCF has indicated that it intends to subscribe for Notes in the principal amount of CAD\$500,000, and Guy de Selliers has indicated that he intends to subscribe for Notes in the principal amount of CAD\$1,000,000. In connection with their investments, each of RCF and Mr. de Selliers are expected to enter into a separate investor rights agreements, pursuant to which each will receive certain board observer rights, cashflow reporting rights and rights to participate in future financings of the Company.

The Notes will be secured against all personal property of the Company and a first ranking security interest against the Company's mining claims in respect of the Wicheada REE Project. All note holders will rank pari passu among themselves.

The Company intends to use the proceeds of the Offering for completion of the pre-feasibility study for the Wicheada REE Project and general corporate and working capital purposes. The Notes and any underlying Common Shares will be subject to a four-month hold period from the date of issuance of the Notes as set out in National Instrument 45-102 - Resale of Securities.

The Offering is expected to complete in September 2024. Closing of the Offering is subject to a number of conditions, including receipt of all necessary corporate and regulatory approvals, including the TSXV. The Offering is subject to minimum subscriptions in the amount of CAD\$2,500,000.

As described above, Mr. Guy de Selliers, the Company's Executive Chair, intends to subscribe for CAD\$1,000,000 of Notes in the Offering. Other members of the Company's Board or management team may participate in the Offering including subscriptions from related parties of the Company as defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The participation of management in the Offering is exempt from formal valuation and minority shareholder approval requirements pursuant to exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101.

Investors that are interested in participating in the Offering should contact the Company's Senior Vice President, Corporate Development & Interim CFO, Alex Heath at alex@defensemets.com. Participation in the Offering is limited to "accredited investors" (as defined under applicable securities laws) and may be subject to a minimum subscription amount and total investments not to exceed CAD\$4,000,000.

This news release does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Notes and the Common Shares which may be issued on exercise thereof have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any U.S. state securities laws, and may not be offered or sold in the United States, or to or for the account or benefit of any U.S. person or any person in the United States, absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. "U.S. person" and "United States" have the respective meanings ascribed to them in Regulation S under the U.S. Securities Act.

About Defense Metals Corp. and its Wicheada Rare Earth Element Project

Defense Metals Corp. is focused on the development of its 100% owned, 8,301-hectare (~20,534-acre) Wicheada REE Project that is located on the traditional territory of the McLeod Lake Indian Band in British Columbia, Canada.

The Wicheada REE Project, approximately 80 kilometres (~50 miles) northeast of the city of Prince George, is readily accessible by a paved highway and all-weather gravel roads and is close to infrastructure, including hydro power transmission lines and gas pipelines. The nearby Canadian National Railway and major highways allow easy access to the port facilities at Prince Rupert, the closest major North American port to Asia.

Defense Metals is a proud member of Discovery Group. For more information please visit:

www.discoverygroup.ca.

For further information, please visit www.defensemets.com or contact:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Statement Regarding "Forward-Looking" Information

This news release contains "forward-looking information or statements" within the meaning of applicable securities laws, which may include, without limitation, statements relating to the Offering, completion thereof, receipt of TSXV and other regulatory approvals for the Offering and the use of proceeds therefrom. All statements in this news release, other than statements of historical facts, that address events or developments that the Company expects to occur, are forward-looking statements. Although the Company

believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the price of rare earth elements, the anticipated costs and expenditures, the ability to achieve its goals, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed and on reasonable terms. Such forward-looking information reflects the Company's views with respect to future events and is subject to risks, uncertainties and assumptions, including the risks and uncertainties relating to the interpretation of exploration and metallurgical results, risks related to the inherent uncertainty of exploration and development and cost estimates, the potential for unexpected costs and expenses and those other risks filed under the Company's profile on SEDAR+ (www.sedarplus.ca). While such estimates and assumptions are considered reasonable by the management of the Company, they are inherently subject to significant business, economic, competitive and regulatory uncertainties and risks. Factors that could cause actual results to differ materially from those in forward looking statements include, but are not limited to, continued availability of capital and financing and general economic, market or business conditions, adverse weather and climate conditions, failure to maintain or obtain all necessary government permits, approvals and authorizations, failure to maintain or obtain community acceptance (including First Nations), risks relating to unanticipated operational difficulties, including failure of equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of personnel, materials and equipment, government actions or delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters, risks relating to inaccurate geological, metallurgical engineering and pricing assumptions, decrease in the price of rare earth elements, the impact of viruses and diseases on the Company's ability to operate, restriction on labour and international travel and supply chains, loss of key employees, consultants, officers or directors, increase in costs, delayed results, litigation, and failure of counterparties to perform their contractual obligations. The Company does not undertake to update forward-looking statements or forward-looking information, except as required by law.

SOURCE Defense Metals Corp.