

Defense Metals Announces Closing of Fully Subscribed Convertible Bridge Financing

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Raises Gross Proceeds of \$4 Million & Provides Update on Prefeasibility Study and CEO Search

VANCOUVER, Oct. 11, 2024 - [Defense Metals Corp.](#) ("Defense Metals" or the "Company") (TSXV: DEFN) (OTCQB: DFMTF) (FSE: 35D) today announced the successful closing of its previously announced non-brokered bridge financing of secured convertible notes (the "Notes"), raising \$4,000,000 in gross proceeds (the "Offering").

Update on Prefeasibility Study

The proceeds of the Offering will enable Defense Metals to complete the Prefeasibility Study ("PFS") for the Wicheeda Rare Earth Element Project, carry out scenario analyses, evaluate possible optimization of processes, and conduct further testing. The PFS will be substantially completed by the end of the year, with the final results published in Q1 2025. The PFS is being led by Hatch Ltd., with metallurgical oversight provided by rare earth processing expert John Goode.

Following the completion of the PFS, Defense Metals plans to immediately launch into the Definitive Feasibility Study ("DFS"), with financing expected to take place in Q1 2025.

CEO Search Update

The Company is also actively conducting a search for a new CEO, which is being led by executive search firm Johnson Partners. A number of highly qualified candidates have already been identified, and the new CEO is expected to be in place by Q1 2025.

Guy de Selliers, Executive Chairman and Acting CEO of Defense Metals, commented:

"We are encouraged by the progress we are making at this pivotal stage for Defense Metals. The successful completion of a fully subscribed financing is a testament to the quality of the Wicheeda Project, which is by all accounts one of the very best undeveloped rare earth mining projects in North America. Our fruitful collaboration with Hatch, who played a lead engineer role on Arafura's Nolan's project, is helping us advance swiftly toward completing our PFS. We are also pleased with the positive response to our CEO search and look forward to having a new CEO in place by Q1 2025, as we continue to accelerate forward."

Alex Heath, SVP Corporate Development & Interim CFO of Defense Metals, added:

"This financing provides the necessary financial resources we need to complete the pre-feasibility study and further advance our technical and optimization work. It also positions us to raise the financing required for the Definitive Feasibility Study as a further step towards bringing the Wicheeda deposit into production. We are confident that we will be able to raise the necessary financing for the project with the help of our financial advisor HCF International Advisors, which was instrumental in mobilizing AUD\$1 billion debt package for Arafura's rare earth project in Australia."

Terms of The Notes

The Notes bear interest from the date of issuance at a 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 12 months after the date of issuance. Investors have the option to convert the principal amount of the Notes into Common Shares at a deemed price of \$0.125 per share up to seven days prior to a Mandatory Conversion Event (as defined below).

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 \$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 \$4,000,000 fundraising 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 were issued on a private placement basis to eligible accredited investors, with lead orders from Okeburn Corp Limited ("Okeburn"), a company owned by a family trust of Guy de Selliers, Defense Metals' Executive Chairman and RCF Opportunities Fund II L.P. ("RCF"). Okeburn participated for \$1,768,000, and RCF subscribed for Notes in the principal amount of \$500,000. In connection with their investments, both RCF and Okeburn entered into separate investor rights agreements, granting them certain board observer rights, cashflow reporting rights, and rights to participate in future financings of the Company. The participation of Okeburn 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.

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

The Company intends to use the proceeds of the Offering for completion of the pre-feasibility study for the Wicheeda REE Project and general corporate and working capital purposes. The Notes and any underlying Common Shares are 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.

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

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

The Wicheeda 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.

For further information, please visit www.defensemetails.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, any statements (expressed or implied) relating to: advancing the Wicheeda Project, the use of net proceeds from the Private Placement, final TSXV approval of the Private Placement, the technical, financial and business prospects of the Company, its project and other matters. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. All statements in this news release, other than statements of historical facts, that address events, contribution 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 action 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.

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