ASX ANNOUNCEMENT

8 August 2023

EVR Strengthens Balance Sheet to Accelerate Copper Exploration in the Americas

Highlights:

- **EVR completes significant raise through convertible note issue.**
- **US$3.4 million Convertible Notes agreed to be issued to Obsidian Global GP LLC**[1]
- **24 month maturity notes with a face value of US$1.08, equivalent to a 4% per annum interest.**
- **Up to 60 days after issue, the conversion price is fixed at $0.02 with a step-up mechanism for a higher fixed conversion price.**
- **Maximum conversion of Convertible Notes:**
  - **between 60 days and 120 days: AU$100,000 per 30-day period; and**
  - **between 120 days and 180 days: AU$250,000 per 30-day period.**
- **Funds will be used to accelerate exploration activities across its portfolio of copper assets in the Americas.**

EV Resources Limited (ASX:EVR) ("**EVR**", or the "**Company**"), is pleased to advise it has secured commitments to raise up to US$3.4 million through the issuance of senior secured convertible notes (**Convertible Notes**) to Obsidian Global GP LLC (**Obsidian**) comprising two tranches of US$850,000 each and a third tranche of US$1,700,000.

The funds strengthen the Company's balance sheet and will be used to accelerate exploration activities across its highly prospective portfolio of copper assets in the Americas. The Company's Board of Directors has determined that the terms of the Convertible Note are more favourable to the Company than capital raising via issue of ordinary shares and allows EVR the opportunity to repay the loan without it converting to shares and diluting shareholders.

Key Terms as follows:

- The Company has the ability to draw down up to US$3,400,000 through the issue of Convertible Notes.
- Two tranches of US$850k each and a third tranche of US$1.7m.
- Tranche 1 to be available within 5 business days.

[1] Comprised of two tranches of US$850,000 each and a third tranche of US$1,700,000. Tranches 2 and 3 are subject to conditions precedent

311-313 Hay St Subiaco, Western Australia 6008
+61 (0) 8 6489 0600
info@evresources.com.au

- Tranche 2 to be available 60 days after Tranche 1.
- Tranche 3 to be available 120 days after Tranche 1.
- Tranche 2 and Tranche 3 are subject to the following conditions precedent:
    - receipt of shareholder approval for the issue of the relevant Convertible Notes;
    - in respect of Tranche 2, a waiver in writing from Obsidian if in the 20 trading days immediate to issue:
        - the Company's market capitalisation is less than A$8m; and
        - the average daily trading volume of the Company's shares on ASX and Chi-X is less than AU$25,000;
    - in respect of Tranche 2, mutual agreement of the parties where the issue is to take place 180 days or more after execution of the agreement; and
    - in respect of Tranche 3, mutual agreement of the parties.
- One Convertible Note will be issued for each US$1.00 advanced by Obsidian.
- Face value for each Convertible Note is US$1.08 (**Face Value**).
- Maturity is 31 July 2025 or earlier if agreed.
- Interest free other than if an event of default occurs which will result in interest accruing at 15% per annum.
- At draw down the Company will pay Obsidian a facility fee of US$170,000 (being 5% of the total available funding) in cash to be deducted from the Tranche 1 (thus having no dilutionary effect to shareholders).

Conversion Price and adjustments:

- Subject to the conversion restrictions below, Obsidian can convert Convertible Notes on issue to shares at the fixed price of AU$0.02 (**Fixed Price**), unless one the following applies;
    - If after 60 days from the issue of the relevant tranche of Convertible Notes, the 5-trading day VWAP is below the Fixed Price, Obsidian may convert at a conversion price equal to a 5% discount from the lowest 3 daily VWAP's in the 20 trading days prior to conversion (**Variable Price**).
    - If after the Tranche 1 purchase the Company's share price trades above AU$0.05 (and thereafter for every AU$0.05 multiple in price) for a minimum of 10 trading days, then the Fixed Price shall be increased to that price.
- At anytime, should the Company issue shares at a price less than the Fixed Price or any security convertible into shares at a price less than the Fixed Price then the Fixed Price will be reduced to that lesser price.
- The agreement limits the number of shares that can be issued on conversion of Tranche 1 to 132m shares which is the Company's current placement capacity under Listing Rule 7.1.

Cash Redemption:

- The Company may at any time redeem the Convertible Notes outstanding, subject to giving notice to Obsidian however, subsequent to giving notice, Obsidian may give conversion notices in respect of the Convertible Notes to be redeemed.

- If repayment within 120 days from execution of the agreement, repayment shall be made at Face Value. If after 120 days, repayment shall be at a 5% premium to the Face Value.
- Where the Company raises funds, Obsidian may require between 20%-30% of the proceeds raised to redeem outstanding Convertible Notes at the Face Value.
- At maturity date, the Company must redeem all outstanding Convertible Notes by paying Obsidian the Face Value of those Convertible Notes in cash in US$ or in shares at a deemed issue price of the lowest daily VWAP during the 10 trading days immediately prior to the Maturity Date.

Conversion restriction:

- If conversion occurs between 60 days and 120 days after the issue of the relevant tranche of Convertible Notes a maximum of AU$100,000 can be converted at the Variable Price in the relevant 30 day period.
- If conversion occurs between 120 days and 180 days after the issue of the relevant tranche of Convertible Notes a maximum of AU$250,000 can be converted at the Variable Price in the relevant 30 day period.
- Where an issue of shares would result in the voting power in the Company of Obsidian or any other person exceeding 19.99% the Company must not issue the relevant Shares to Obsidian but must instead repay to Obsidian the relevant amount outstanding in cash.

Trading restrictions:

- In respect of shares issued to Obsidian under the agreement whether on conversion or otherwise, Obsidian agrees not to trade more than the greater of (a) 20% of the daily trading volume on that trading day on ASX and Chi-X; and (b) AU$15,000 on any trading day.

Events of Default:

- Events of default applicable under the agreement are standard for an agreement of this kind.
- Where any unremedied event of default occurs, the Face Value of all outstanding Convertible Notes will automatically increase by 10% and a further 2% for subsequent unremedied events of default.
- On an event of default Obsidian may terminate the agreement and/or convert the remaining Convertible Notes at a conversion price which is the lesser of (a) 80% of the lowest daily VWAP during the 10 trading days prior; and (b) $0.02.

Security:

- The Convertible Notes shall be senior secured through Obsidian taking a first ranking general security over all assets of the Company.

-ENDS-

This ASX announcement was authorised for release by the Board of EV Resources Limited.

For further information, please contact:

Luke Martino
Non-Executive Chairman
Tel: +61 8 6489 0600
E: luke@evresources.com.au

Adrian Paul
Executive Director
Tel: +61 8 6489 0600
E: adrian@evresources.com.au

About EV Resources (ASX: EVR)

EV Resources is focussed on exploring and developing copper assets in The Americas. The Company has recruited a team with deep Latin American exploration and mining experience and has opened an office in Lima, Peru, with key executive members being based close to where EVR operates. The Company's "copper thematic" projects include the high-grade Parag Copper-Molybdenum Project, the Don Enrique Project in Peru, and La Cienaga in the historic Cienaga mining district of Northwest Arizona.

Since EVR announced the Company's new strategic direction and focus on copper in The Americas, in July 2023 the US Department of Energy officially added copper to its critical materials list, following the examples of the European Union, Japan, India, Canada, and China. The 2023 Critical Materials Assessment focuses on key materials with a potentially high risk of supply disruption that are integral to clean energy technologies.

Elsewhere, EVR continues to evaluate the best development options for its other projects.

Forward Looking Statement

Forward Looking Statements regarding EVR´s plans with respect to its mineral properties and programs are forward-looking statements. There can be no assurance that EVR's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that EVR will be able to confirm the presence of additional mineral resources, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of EVR's mineral properties. The performance of EVR may be influenced by a number of factors which are outside the control of the Company and its Directors, staff, and contractors. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.