

RNS Number : 4160L
Kendrick Resources PLC
22 April 2024

Kendrick Resources Plc
("Kendrick" or the "Company")

Funding Facility

Kendrick Resources Plc (LSE: KEN), the mineral exploration and development company building vanadium, nickel and copper battery metal projects in Scandinavia is pleased to announce that the Company has entered into an unsecured convertible loan funding facility (the "Facility") for £500,000 with Sanderson Capital Partners Ltd (the "Lender"), a long term shareholder in the Company. The Facility is convertible at 0.75 pence per ordinary share ("Shares") and can be drawn down in 4 tranches of £125,000 each ("Loan Tranches"). The Facility is a standby facility as a potential additional source of working capital for the Company in a period when the funding market for junior exploration companies is subject to market volatility.

Working Capital Facility Agreement

The Facility is for £500,000 in total, is unsecured, interest free and can be drawn down in four tranches as follows:

- £125,000 to be drawn down within 6 months of 7 May 2024 ("Tranche One");
- £125,000 to be drawn down within 6 months of 7 July 2024 ("Tranche Two");
- £125,000 to be drawn down within 6 months of 7 September 2024 ("Tranche Three"); and
- £125,000 to be drawn down within 6 months of 7 November 2024 ("Tranche Four")

The Company will provide a Loan drawdown notice if and when it requires a drawdown. The Company has the option but not the obligation to drawdown on part or all of the Facility.

Repayment and Conversion

Repayment

Unless otherwise converted, the Company must repay each Loan Tranche on the first anniversary of the advance by the Lender of the applicable Loan Tranche ("Maturity Date"). The Company may prepay the whole or part of the Facility on any day prior to the Maturity Date for a Loan Tranche upon giving not less than 14 days' prior written notice to the Lender and paying in cash a prepayment fee of 5% of the amount which the Company prepays in cash before the Maturity Date. The Lender can during the 14 days' notice period make an election for all or part of the Loan subject to a prepayment notice to be repaid in Shares in which case the 5% fee shall not apply to that proportion of the Loan repaid in Shares.

Conversion of Loan Tranche by Lender

The Lender may at any time during the Facility Period elect to convert all or part of any drawn down amount into such number of new Shares equal to the amount of the Loan Tranche that is to be repaid at the date of the election, divided by the 0.75 pence ("Conversion Price") (the "Conversion Shares"). The Conversion Price of 0.75 pence per Share represents a 87% premium to the closing share price of 0.4 pence on 19 April 2024, being the latest practicable date prior to this announcement.

Conversion of Loan by the Company

The Company may at any time during the Loan Period elect to convert all or part of Tranche One to Tranche Four if the Share price exceeds 1 pence ("Target Conversion Price") for a period of five or more business days.

Conversion Adjustment

If the Company before i) the Maturity Date for a Loan Tranche and before ii) the Loan Tranche has been repaid issues Shares for cash consideration ("Issue Price") at a discount to 0.75 pence per Share (the "Base Issue Price") then the Conversion Price and the Target Conversion Price in respect of that Loan Tranche shall be multiplied by a fraction, the numerator of which will be the Issue Price and the denominator of which will be 0.75 pence.

Interest and Fees

The Loan is interest free. The Lender shall be paid an arrangement fee of 10% of the amount of the Facility to be settled by the issue of 11,764,706 new Shares ("Facility Fee Shares") credited as fully paid by at an issue price of 0.425p per Share (being the Five Day VWAP on the date of this announcement) with the Facility Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties

On the drawdown of any Loan Tranche the Lender shall be paid a further fee of 2% of the amount of the relevant Loan Tranche which is to be settled by the issue of new Shares credited as fully paid at the five-day VWAP on the date of the relevant Loan drawdown notice ("Drawdown Fee Shares") with the Drawdown Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties

Option to Extend Facility

If the Company draws down in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four then it has the option to elect to be able to drawdown up to an additional GBP250,000 ("Optional Loan Tranche") This must be made in writing within 30 days of the date the Company has made a drawdown in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four.

Warrants

On the drawdown of any Loan Tranche, the Lender shall be issued three year warrants over Shares ("Warrants") with a face value equal to 50% of the amount drawn down under the Loan Tranche. The exercise price for the Warrants applicable to each of the tranches are as follows:

- 1.5 pence per share for the drawdown of Tranche One to Tranche Four; and
- 2 pence per share for the drawdown of the Optional Loan Tranche;

If there are no drawdowns under two or more of the Loan Tranches then at 7 May 2025 which is 6 months after the Tranche Four Drawdown Date of 7 November 2024, the Company will issue a three year warrant to the Lender for an amount equal to 25% of the Facility that has not been drawn down with an exercise price of 1 pence per share.

This announcement contains information which, prior to its disclosure, was inside information as stipulated under Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310 (as amended).

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About Kendrick Resources Plc

Kendrick Resources Plc is a mineral exploration and development company with projects primarily based across Scandinavia. The principle of its business is to explore the opportunities within the natural resources sector with a focus on battery, base, and precious metals including but not limited to vanadium and nickel. In doing so, the Company is looking to build a long term energy metals business in Scandinavia which delivers energy metals to Europe to help enable its renewable energy transformation by building a top tier energy metals production business.

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