

AMERICAN WEST METALS LIMITED
ACN 645 960 550
SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements and is intended to be read with the prospectus dated 29 October 2021 (**Prospectus**) issued by American West Metals Limited (ACN 645 960 550) (**Company**).

This Supplementary Prospectus is dated 16 November 2021 and was lodged with the ASIC on that date.

The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.americanwestmetals.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus.

2. PURPOSE OF THIS DOCUMENT

The purpose of this Supplementary Prospectus is to provide additional information to investors as set out in section 3 below.

3. ADDITIONAL INFORMATION

3.1 Performance Rights

The following additional information is provided with respect to the 5 Performance Rights issued to Rocky Pray, Vice-President of Operations (the **Recipient**) (refer to Section 9.4 of the Prospectus for further details):

- (a) The Performance Rights have been issued to the Recipient as part of his remuneration package, in order to link part of the remuneration payable to the Recipient to specific performance milestones set out in Section 9.4(b) of the Prospectus.
- (b) As the Vice President of Operations, the Recipient will:
 - (i) play a key role in executing the Company's business strategy (as set out in Sections 5.3 to 5.5 of the Prospectus), which is aligned with the performance milestones for the Performance Rights; and
 - (ii) be responsible for, among other things, driving the completion of scoping and feasibility studies for development of the

Company's projects, supervising resource definition drilling, managing environmental permitting processes for all activities at the projects and leading a capable operations team to deliver the Company's objectives.

- (c) Details of the existing total remuneration package for the Recipient is set out below:
- (i) Annual salary of USD250,000.
 - (ii) To incentivise Mr Pray's continued successful service to the Company, Mr Pray shall be eligible for up to two retention bonuses in the amount of USD50,000 each, less all applicable withholdings and deductions (each a **Retention Bonus**) as follows:
 - (i) First Retention Bonus: If Mr Pray's performance has been satisfactory, as determined in the Company's sole discretion, from the date of execution of the employment agreement through to 27 September 2022 and Mr Pray has not given notice of his intent to resign from employment on or before that date, then Mr Pray shall be entitled to a Retention Bonus to be paid on or before 30 days after the first anniversary of 27 September 2022.
 - (ii) Second Retention Bonus: If Mr Pray's performance has been satisfactory, as determined in the Company's sole discretion, from 1 January 2022 through to 27 September 2023 and Mr Pray has not given notice of his intent to resign from employment on or before that date, then Mr Pray shall be entitled to a second Retention Bonus to be paid on or before 30 days after the second anniversary of 27 September 2023.
 - (iii) 5 Performance Rights referred to in the Prospectus.
- (d) Other than the Performance Rights, Mr Pray and his associates do not hold any securities in the Company.
- (e) The Company considers it necessary and appropriate to further remunerate and incentivise the Recipient to achieve the applicable performance milestones for the following reasons:
- (i) the Performance Rights will be issued to appropriately motivate and incentivise Mr Pray to achieve value accretive performance milestones for the benefit of Shareholders. The milestones are specifically structured around achievements with a view to:
 - (i) progress the Company's projects; and
 - (ii) increase the price or value of American West's issued capital;
 - (ii) the issue of Performance Rights to the Recipient will further align the interests of the Recipient with those of Shareholders;

- (iii) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - (iv) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Recipient; and
 - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (f) The number of Performance Rights to be issued to the Recipient was determined by the Board following arm's length negotiations with the Recipient, and having regard to:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Recipient; and
 - (iii) incentives to attract and retain the service of the Recipient, who has the desired knowledge and expertise, while maintaining the Company's cash reserves.

The Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:

- (i) the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
- (ii) the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (100,000 for 1) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved;
- (iii) there is an appropriate link between the milestones and the purposes for which the Performance Rights are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
- (iv) there an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which has been constructed so that satisfaction of the milestones will be consistent with increases in the value of the Company's business;
- (v) the Performance Rights represent a small proportion of the Company's issued capital upon listing (0.32% of the issued Share capital based on the Minimum Subscription and 0.29% of the issued Share capital based on the Maximum Subscription); and

- (vi) the Performance Rights have expiry dates by which the milestones are to be achieved and, if a milestone is not achieved by that date, the Performance Rights will lapse (unless otherwise provided for in the Company's Performance Rights Plan).
- (g) Each Performance Right converts into 100,000 Shares upon satisfaction of the milestone attaching to the Performance Right. If all of the milestones are met, a total of 500,000 Shares will be issued to Mr Pray.

3.2 Issue of Shares to Bronco Creek Exploration, Inc under Copper Warrior Option Agreement

The following additional information is provided with respect to CAD500,000 worth of Shares to be issued to Bronco Creek Exploration, Inc (**Bronco Creek**) in the event that Warrior Metals exercises the option to acquire a 100% interest in the Claims and Properties (refer to section 8.2.3 of the Prospectus for further details):

- (a) CAD500,00 worth of Shares (to be issued at the market price at the time of exercise of the Option) (**Consideration Shares**) will be issued in connection with an acquisition by the Company of an undertaking.
- (b) The Consideration Shares are being issued as part of the consideration for Warrior Metals to acquire a 100% interest in the Claims and Properties.
- (c) The Consideration Shares will be issued to Bronco Creek, which currently holds a 100% interest in the Claims and Properties.
- (d) The Consideration Shares are being issued in connection with the acquisition of the Claims and Properties, as opposed to cash forms of consideration, to allow the Company to spend a greater proportion of its limited cash reserves on its operations. This optimises the Company's management of capital requirements and supports the commercial goals of the Company as more cash reserves are available to progress exploration and development programmes at its Projects. The Consideration Shares will only be issued if the Conditions Precedent have been met and Warrior Metals provides the Exercise Notice to Bronco Creek.
- (e) The number of Consideration Shares to be issued to Bronco Creek was determined by the Board following arm's length negotiations with Bronco Creek, and having regard to:
 - (i) the commercial terms of similar option arrangements entered into with other third parties by EMX Royalty Corp (TSX V: EMX), which is the parent of Bronco Creek; and
 - (ii) the pricing of comparable acquisition agreements in the industry generally.

The Board considers the number of Consideration Shares to be appropriate and equitable for the following reasons:

- (i) the number of Consideration Shares to be issued will be calculated with reference to the market price of Shares at the time of issue. No more than CAD500,000 worth of Consideration Shares will be issued;

- (ii) the issue of the Consideration Shares is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of the consideration to acquire the Properties and Claims will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of consideration were paid to Bronco Creek;
 - (iii) the Consideration Shares which are proposed to be issued represent a small proportion of the Company's issued capital upon listing (1.62% of the issued Share capital based on the Minimum Subscription and 1.43% of the issued Share capital based on the Maximum Subscription, assuming a deemed issue price of \$0.20 per Consideration Share); and
 - (iv) the Consideration Shares will only be issued if the Conditions Precedent are satisfied. If the Conditions Precedent are not satisfied by 14 April 2024 (being the third anniversary of the Effective Date), the Consideration Shares will not be issued.
- (f) None of the Consideration Shares will be issued to someone who does not have an ownership interest in the undertaking being acquired.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

John Prineas
Non-Executive Chairman
For and on behalf of
American West Metals Limited