

REE Stock Defense Metals (\$DEFN.V; \$DFMTF) Announces Positive Preliminary Economic Assessment for Wicheeda Project

Defense Metals announces results of Preliminary Economic Assessment (PEA) and updated mineral resource estimate for the development of its Wicheeda REE deposit

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Defense Metals Corp. (TSX-V:DEFN / OTCQB:DFMTF/ 35D: FSE) is pleased to announce the results of its Preliminary Economic Assessment (PEA) and updated mineral resource estimate for the development of its Wicheeda Rare Earth Element (REE) deposit located in British Columbia, Canada. The PEA was prepared by SRK Consulting (Canada) Inc. (SRK). The effective date of the PEA is November 21, 2021 and a technical report relating to the PEA will be filed on SEDAR within 45 days of this news release.

PEA Highlights

Strong Financial Metrics

- The project has a pre-tax net present value (NPV) of \$765 million , and after-tax NPV of \$512 million, at 8% discount rate.
- The pre-tax internal rate of return (IRR) is 20%, and the after-tax IRR is 16%.
- The capital payback is 5 years from start of production, and assumes partial self-funding of construction of hydrometallurgical plant from concentrate sales.
- Revenues average \$397 million per year from sale of REE mineral concentrate (years 1-4) and mixed REE hydrometallurgical precipitate (years 5-16).
- Operating margin of 65.2%.
- Production of a saleable high-grade flotation-concentrate, with average 43% total rare earth oxide (TREO) for the life of the mine. It will be sold to market directly for years 1-4 and will then feed a project hydrometallurgical plant starting in year 5.
- Project near to key infrastructure.

- Base case economics were calculated using rare earth oxide (REO) prices of US\$5.76/kg TREO in flotation concentrate and US\$14.04/kg TREO in mixed REE carbonate precipitates.

Significant Production Potential

- The study contemplates a 1.8 Mtpa (million tonnes per year) mill throughput open pit mining operation with 1.75:1 (waste:mill feed) strip ratio over a 19 year mine (project) life that includes 3 years of construction, and early revenue generation via phased open pit development. Phase 1 initial pit strip ratio of 0.63:1 (waste:mill feed) yields rapid access to higher grade surface mineralization. Pre-production and first mill feed both in year 1.
- Average annual REO production of 25,423 tonnes.
- Operating costs average \$137 million per year over a 16-year life of mine (LOM).

Development Capital

- Initial capital expenditures (CAPEX) are \$461 million (includes a contingency allowance of 20% to 25% for major items), and the expansion capex under a cash-funded scenario is \$474 million. Sustaining capex for the life of the project is \$401 million.
- A scenario that uses concentrate sales to partially self fund the construction of a hydrometallurgical plant reduces overall project cash requirements compared to constructing the hydrometallurgical plant as part of Phase 1. This development scenario provides significant optionality to accelerate or defer the investment in the hydrometallurgical plant according to market conditions.

Mineral Resource Estimate

- The updated Wicheeda Mineral Resource Estimate (MRE) comprises a 5.0 million tonne Indicated Mineral Resource, averaging 2.95% TREO and a 29.5 million tonne Inferred Mineral Resource, averaging 1.83% TREO, reported at a cut-off grade of 0.5% TREO within a conceptual Lerchs-Grossman (LG) pit shell. The current resource represents a 36% increase on a contained metal basis in comparison to the prior 2020 MRE due to the estimation of additional economically significant medium and heavy REE's and a lower cut-off grade established based on consideration of TREO and concentrate payable, metallurgical recovery, and operating cost assumptions.

Exploration Upside

- During 2021, in anticipation of a positive PEA outcome, Defense Metals completed a 29-hole 5,349 metre resource expansion and delineation diamond drill program at Wicheeda. The results of drilling are expected during Q1 2022 and as such have not been incorporated into the PEA. The drilling is expected to support ongoing advanced economic studies through the development of an updated geological model and mineral resource estimate.

Read the full news, tables and charts on Investor ideas

<https://www.investorideas.com/news/2021/mining/11241DEFN-Preliminary-Economic-Assessment.asp>

Defense Metals Corp. is a mineral exploration company focused on the acquisition of mineral deposits containing metals and elements commonly used in the electric power market, defense industry, national security sector and in the production of green energy technologies, such as, rare earths magnets used in wind turbines and in permanent magnet motors for electric vehicles. Defense Metals has an option to acquire 100% of the Wicheeda Rare Earth Element Property located near Prince George, British Columbia, Canada. Defense Metals Corp. trades in Canada under the symbol "DEFN" on the TSX Venture Exchange, in the United States, under "DFMTF" on the OTCQB and in Germany on the Frankfurt Exchange under "35D".

For further information, please contact:

Todd Hanas, Bluesky Corporate Communications Ltd.

Vice President, Investor Relations

Tel: (778) 994 8072

Email: todd@blueskycorp.ca

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Dawn Van Zant

Investorideas.com

+ +1 800 665 0411

[email us here](#)

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