

ASX Announcement

19th July 2024

Cyclone Secures Funding to Progress Iron Bear Project

Highlights

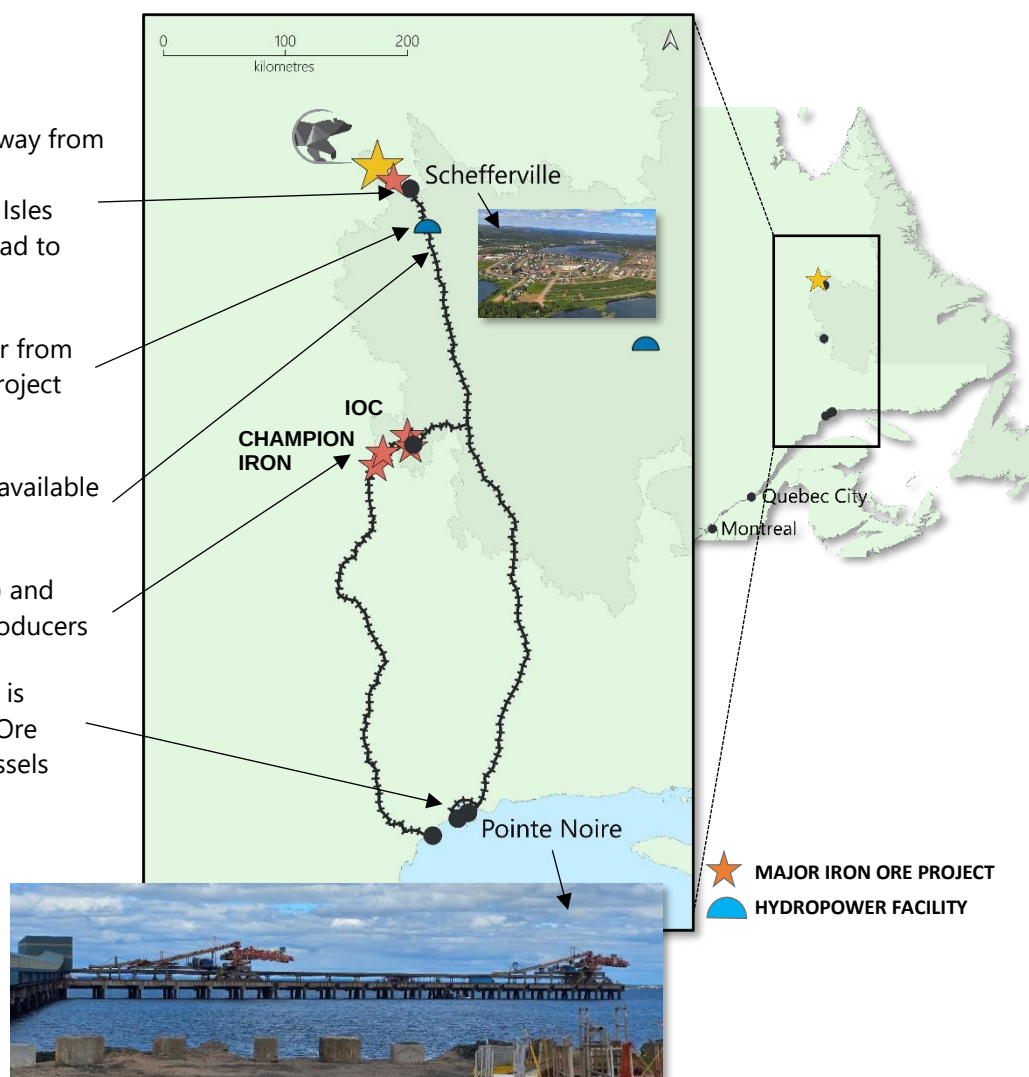
- Cyclone Metals Ltd (**CLE** or **the Company**) has completed a placement to raise \$1.87 million and is proposing to complete an underwritten Right Offer to raise a further \$5.39 million. Funds will be applied principally towards progressing the Iron Bear project, retiring debt and for working capital purposes.
- The Company is proposing to call a General Meeting of the Company in September 2024 to consider various resolutions as part of the proposed restructure including a one for twenty consolidation of the Company's securities.
- Mr David Sanders is joining the board of the Company as non-executive director. David brings significant corporate governance and commercial experience in the natural resources sector. Mr Luke Martino to be appointed to the Board in the near future.
- Founding shareholder and long serving Director Mr Tony Sage will revert to the role of Non-Executive Chairman.
- The technical team led by Cyclone's executive director Mr Paul Berend is gearing up to advance the Iron Bear project, one of the world's largest iron ore deposits in the Labrador Trough (Canada) containing a JORC compliant Mineral Resource of 16.6 billion tonnes @ 29.2% Fe.



Iron Bear Project Highlights

1. **Asset located in Canada**, less than 25km from an **open access heavy haul railway** connected to an **open access iron ore export port**
2. **World class 100% owned** Iron ore mineral resource of **16.6 billion tonnes @ 29.3 Fe%** (inferred 14.51 tonnes (billion) and indicated 2.15 tonnes (billion) JORC 2012 compliant) (refer ASX announcement 11 April 2024)
3. **Pilot Plant** production of **high quality DR grade concentrate grading 71,3% Fe and 1.1% SiO₂** with high yields due to an exceptional low impurity ore body (refer ASX announcement 23 April 2024)
4. Rapid project development plan with **bulk samples of DR and BF concentrates** available for steel mill clients in Q3 2024
5. Cyclone's development plan is **focussed on establishing an asset-based JV** with a Tier 1 miner or steel producer, in order to bring the Iron Bear project to Decision to Mine and provide the CAPEX

- ✓ Schefferville is located 25km away from Iron Bear. Good infrastructure including direct flights to Sept Isles twice a week. Connected by road to the Iron Bear.
- ✓ Access to low-cost hydropower from Menihek located 70km from Project Iron Bear
- ✓ Open access heavy haul rail is available 25km from Iron Bear Project
- ✓ Champion Iron, IOC (Rio Tinto) and Arcelor Mittal local iron ore producers
- ✓ Open access Pointe Noire Port is accessible with extensive Iron Ore Export Facilities for Capsize vessels



Board Changes

The Company is pleased to announce the appointment of Mr David Sanders as Non-Executive Director of the Company with effect from 19 July 2024. In addition Mr Luke Martino has agreed to be appointed as Non-Executive Director of the Company with his appointment to be finalised prior to completion of the Placement.

David Sanders is a Principal of the Western Australian based corporate and commercial legal firm Bennett & Co and is a lawyer with over 25 years of experience in corporate and resources law. He advises numerous ASX listed companies, including in the mining sector on capital raising, mergers and acquisitions, joint ventures, corporate governance and Corporations Act and ASX listing rules compliance, as well as commercial transactions across a range of jurisdictions.

David is the Chairman of Murlpirrmarra Connection Limited, which focuses on education and training for indigenous youth in the Yilgarn Region of Western Australia and a non-executive director of ASX listed company SQX Resources Limited (ASX: SQX).

Placement and Pro-Rata Non-Renounceable Rights Issue

Placement Details

The Company has received firm commitments to raise \$1,874,234 before costs via the issue of approximately 2.34 billion fully paid ordinary shares in the Company (**Placement Shares**) at an issue price of 0.08 cents per share together with one free attaching unlisted option (exercise price 0.16 cents each, expiring 30 November 2028) for every two shares issued (**Placement Options**) (**Placement**).

The Placement Shares will be issued without shareholder approval pursuant to the Company's available placement capacity under ASX Listing Rule 7.1 (1,301,675,735 ordinary shares) and 7.1A (1,041,117,156 ordinary shares). The Placement Options are subject to shareholder approval at the Company's next General Meeting.

Completion of the Placement is conditional on the appointment of a second independent director which the Company expects to confirm within the next three (3) business days.

The Company has appointed RM Corporate Finance Pty Ltd (ACN 108 084 386) (**RM Corporate Finance**) (AFSL 315235) as the Lead Manager for the placement. RM Corporate Finance will be paid 6% on the amount raised and, subject to shareholder approval, be issued with 1,200,000,000 options at an issue price of \$0.00000001, on the same terms as the Placement Options.

Share Consolidation

The Company is planning a share consolidation of twenty (20) existing shares for one (1) new shares, subject to shareholder approval to be sought at the Company's next General Meeting (**Share Consolidation**).

Rights Offer

Subject to receipt of approval of the Share Consolidation, the Company also intends to undertake a pro-rata non-renounceable entitlement offer to eligible shareholders to raise up to \$5,395,186 (before expenses) (the **Rights Offer**).

The Rights Offer will be open to all Cyclone shareholders who are on the register as at 5:00pm WST on 26 September 2024 (the **Record Date**) and who have a registered address in Australia or New Zealand. Under the Rights Offer, Cyclone will make an offer to all eligible shareholders of one (1) fully paid ordinary Cyclone share for every two (2) fully paid ordinary Cyclone shares held as at the Record Date, at a price of 1.6 cents per Share on a post consolidation basis.

RM Corporate Finance will act as the Lead Manager for the Rights Offer. RM Corporate Finance will be paid a fee of \$30,000 which may be converted (in part or whole) to equity at the sole election of RM Corporate Finance on the terms as the Rights Offer subject to shareholder approval at a General Meeting of the Company.

The Rights Offer is proposed to be fully underwritten by RM Corporate Finance who will receive a fee of 6% in respect to the amount underwritten, together with 132,000,000 unlisted options (exercise price of 3.2 cents each on a post consolidation basis, expiring 30 November 2028) at an issue price of \$0.00000001 per option subject to shareholder approval at a General Meeting of the Company.

Use of Funds

It is the intention of the directors to apply funds raised from the Placement and Rights Offer as follows;

- i. Progressing and transacting the Iron Bear Iron Ore Project in Newfoundland-Labrador (Canada);
- ii. Working capital and administration expenses;
- iii. Retirement of loans and other creditors; and
- iv. A strategic review of the Company's other mineral exploration assets both in Australia and Offshore.

A further update on results and progress of the 2024 field season in Canada will be made within the coming weeks.

Timetable

Outlined below is a timetable of relevant events and dates relating to the Share Consolidation and Rights Offer. These events and dates are indicative only and subject to change.

Share Consolidation	
Dispatch of Notice of General Meeting of the Company	5-Aug-24
General Meeting to vote on Share Consolidation	2-Sept-24
Rights Offer	
Announcement of the Rights Issue and lodgement of Appendix 3B with ASX	09-Sept-24
Lodgement of Prospectus ASIC and ASX	09-Sept-24

Ex-date	25-Sept-24
Record Date for determining entitlements	26-Sept-24
Prospectus and entitlement and acceptance form dispatched to eligible shareholders	30-Sept-24
Opening date of the Rights Issue	30-Sept-24
Last day to extend closing date of the Right Issue	4-Oct-24
Closing Date of the Rights Offer	9-Oct-24
Shares Quoted (Deferred Settlement Basis)	10-Oct-24
Issue Date of new securities issued under the Rights Offer	14-Oct-24
New securities issued under the Rights Offer expected to commence normal trading on ASX	15-Oct-24

This announcement is intended to lift the trading halt requested on 17 July 2024.

This announcement has been approved by the Company's board of directors.

Compliance Statements

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," "further" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in additional Mineral Resources.

Competent Persons

Metallurgy and processing information has been reviewed and compiled by Paul Vermeulen MAusIMM, MAIST, a Director of Vulcan Technologies Pty Ltd, who has sufficient experience which is relevant to the method of processing under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Vermeulen consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

The Competent Person for the 2024 Mineral Resource estimate is Mr Jeremy Peters FAusIMM CP (Geo, Min), a Director of Burnt Shirt Pty Ltd. The Mineral Resource estimate is stated in accordance with the provisions of the JORC Code (2012). Mr Peters has more than five years' experience in the estimation and reporting of Mineral Resources for iron mineralisation in Australia and overseas, to qualify as a Competent Person as defined in the JORC Code. Mr Peters consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

Burnt Shirt has assisted CLE in its development of the Iron Bear Project and neither Burnt Shirt nor Mr Peters hold an interest in the Project or CLE. Mr Peters has assumed Competent Person responsibility due to his familiarity with the Project.

The Competent Person for this Exploration Target postulation is Mr Jeremy Peters BSc BEng FAusIMM CP (Min, Geo). Mr Peters cautions that the potential quantity and grade of the Exploration Target is conceptual in nature and that there has been insufficient exploration to result in the estimation of a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. Cyclone is planning a drilling program for approval by the Newfoundland and Labrador Geological Survey. This program is designed to test the Exploration Target by reverse circulation drilling of magnetic lithology defined by the ResPot inversion model. Samples will be taken to verify grade and metallurgical characteristics.