

Not for release to US wire services or distribution in the United States

\$18M Placement and targeted \$2.5M Share Purchase Plan Strengthens Balance Sheet

17 August 2023

KEY POINTS

- **Firm commitments received to raise \$18M (before costs) at \$0.90 per share via a two-tranche Placement to institutional and sophisticated investors alongside existing shareholders:**
 - **Tranche 1 to raise approximately \$17M; and**
 - **Tranche 2 to raise approximately \$1M, which is subject to shareholder approval.**
- **Share Purchase Plan (SPP) for eligible shareholders to be launched to raise up to a maximum of \$2.5M (before costs) at the same offer price as the Placement.**
- **Offer price represents a 10% discount to the Company's last traded price and 11.2% discount to the 5-day VWAP.**
- **Upon completion of the Placement, and subject to shareholder approval, Lunnon Metals is forecast to have cash on hand of ~\$35 million and no debt (excluding any proceeds of the SPP).**
- **The strong financial position ensures the Company is funded for planned exploration and potential pre-development activities, including:**
 - **Diamond drilling of Long South Gap Prospect and completion of full 3D seismic survey in Silver Lake – Long South area;**
 - **Continued aggressive program at Foster-Baker, particularly at East and West Trough, Somerset and North Jan;**
 - **Ramp up Historical Core Program at Fisher and Foster seeking to rapidly define new Mineral Resources at the Company's historical nickel mines;**
 - **Completion of studies for Baker and Foster; and**
 - **Initial development preparation for Baker and Foster, including ability to execute a rapid deployment strategy with low-cost access to Baker if required and powerline study/execution.**

Lunnon Metals Limited (**ASX: LM8**) (the **Company** or **Lunnon Metals**) is pleased to advise that it has received firm commitments to raise \$18 million (before costs) at \$0.90 per share via a two-tranche placement (**Placement**), with \$1 million of this amount subject to shareholder approval. Lunnon Metals received very strong inbound interest from institutional and sophisticated investors alongside support from its existing shareholders.

In addition to the Placement, the Company also announces a Share Purchase Plan (**SPP**), targeting to raise up to \$2.5 million at the same offer price as the Placement, with the Placement and SPP in total to raise gross proceeds of up to approximately \$20.5 million (**Offer**). This SPP will allow existing Eligible Shareholders (defined below) to participate in the capital raising.

The proceeds from the Offer will fund ongoing exploration at the Foster / Baker area and Silver Laker / Fisher area, technical studies and powerline execution at the Foster / Baker area and Offer transaction costs.

Managing Director, Edmund Ainscough, commenting said: *"The Company has made rapid progress since listing in June 2021 through maintaining an aggressive exploration program, that delivered the Baker discovery, impressive Mineral Resource growth and a steady focus on de-risking its assets through data driven, technically rigorous studies. This approach recently culminated in the declaration of an initial Ore Reserve at Baker along with stand-out financial and physical results from the Preliminary Feasibility Study. The support of our existing and new shareholders in this capital raising is greatly appreciated and will allow us to continue this strategy at a time when the significance of nickel sulphides, and Kambalda especially, to the clean energy transition is growing at a rapid pace. Lunnon Metals now presents as the only ASX listed exposure to Kambalda's impressive nickel discovery and production record. This is a responsibility that everyone at the Company embraces as an opportunity to continue Kambalda's amazing story well into the future".*

Placement Details

The Placement will raise up to approximately \$18 million (before costs) from the issue of up to approximately 20 million new fully paid ordinary shares (**Placement Shares**) at a price of \$0.90 per share via two tranches:

- **Tranche 1:** issue of approximately 18.9 million Placement Shares, raising \$17 million utilising the Company's existing placement capacity under ASX Listing Rule 7.1. Completion of Tranche 1 of the Placement is expected to occur on or around 25 August 2023; and
- **Tranche 2:** subject to shareholder approval, the issue of approximately 1.1 million Placement Shares, raising \$1 million. The Tranche 2 will be to major shareholder, St Ives Gold Mining Company Pty Ltd (a wholly owned subsidiary of Gold Fields Limited), which will result in a change of its holding from 33.7% before the Offer to 31.1% at completion of the Placement¹. Approval of shareholders will be sought at a General Meeting, expected to be held late in October 2023. Subject to shareholder approval, settlement of Tranche 2 of the Placement is expected to occur shortly thereafter.

The Placement issue price of \$0.90 per share represents a:

- 10.0% discount to the Company's last traded price of \$1.00 per share on 15 August 2023; and
- 11.2% discount to the 5-day volume weighted average share price of \$1.014 per share to 15 August 2023.

Euroz Hartleys Limited and Argonaut Securities Pty Ltd acted as Joint Lead Managers in relation to the Placement.

Share Purchase Plan

In addition to the Placement, Lunnon Metals announces a non-underwritten SPP targeting to raise approximately \$2.5 million (before costs) via the issue of new fully paid ordinary shares at the same price as the Placement Shares (\$0.90) (**SPP Shares**).

Eligible shareholders, being those holders of shares in the Company as at the record date of 5pm (Perth time) on Wednesday, 16 August 2023 with a registered address in Australia or New Zealand and not in the United States or acting for the account or benefit of a person in the United States or any other person outside Australia or New Zealand (**Eligible Shareholders**), will have the opportunity to apply for up to \$30,000 worth of SPP Shares in the Company (subject to any scale back).

The SPP is not underwritten and there is no guarantee the Company will raise the targeted amount. If valid applications are received for more than the targeted \$2.5 million under the SPP, the Company will undertake a scale back of applications to the extent and in the manner it sees fit. The Company will not accept applications over \$2.5 million under the SPP.

¹ The 31.1% calculation excludes consideration of any shares which may be issued under the SPP

SPP Shares will rank equally with the Company's existing fully paid ordinary shares (as will the Placement Shares). Participation in the SPP is optional.

The terms and conditions of the SPP will be detailed in an offer booklet which is expected to be made available to Eligible Shareholders and lodged on the ASX on or around Monday, 28 August 2023.

Use of Funds

Funds raised from the Offer will be primarily used towards the Company's discovery programs:

Description	Amount	Activity	Area
Silver Lake / Fisher Area (see Figure 1)	\$6.1M	Early stage	Long South Gap, full 5.8km ² 3D seismic survey, Victor-McLeay Trend
		Early stage & Mineral Resource conversion	Ken South, Fisher K & South Zone, Silver Lake HW and down flank
		Historical Core Program	Fisher & Silver Lake
Foster / Baker Area (see Figure 2)	\$8.0M	Early stage to Advanced Prospect	North Jan, Somerset, Cooe Gap, Foster Thrust
		Early stage & Mineral Resource conversion	East Trough, West Trough, Foster North and Tops
		Mineral Resource conversion	Warren flank, Baker Measured
Technical Studies and Powerline Execution	\$5.4M	Advance Baker and Foster Studies, including combined PFS for Baker and Foster, powerline study and execution	
Offer Transaction Costs	\$1.0M	Broker fees, ASX listing fees for new shares, legal costs, share registry costs and postage and printing	
Total	\$20.5M*		

* Includes the \$2.5 million that the Company is targeting to raise under the SPP. The SPP is not underwritten and there is no guarantee the Company will raise the targeted amount.

Subject to a final investment decision, Lunnon Metals' existing cash (approximately \$17.7M as at 31 July 2023) can be deployed for initial development costs associated with Baker² and/or Foster. The final funding requirement for the development of Baker and/or Foster will be determined as part of the final investment decision (and ongoing studies), including the proportion of equity to debt.

²For full details of the relevant costs, refer to the Baker Preliminary Feasibility Study results, ASX Announcement dated 22 May 2023, section 16.1: Pre-Production Capital Estimate and section 19: Funding Requirements.

Timetable

An indicative timetable for completion of the Offer is shown in the table below:

Event	Date
Record date to determine eligibility to participate in the SPP (5pm Perth time)	16 August 2023
Announcement of Placement and SPP	17 August 2023
Completion of Tranche 1 Placement	25 August 2023
Allotment of Tranche 1 Placement Shares	28 August 2023
SPP offer booklet made available to eligible shareholders	28 August 2023
SPP opening date	28 August 2023
SPP closing date (5pm Perth time)	14 September 2023
Announcement of SPP results	18 September 2023
Issue of SPP shares	20 September 2023
Commencement of trading of SPP shares	21 September 2023
Notice of Meeting for Tranche 2 Placement	Late September
General Meeting to approve Tranche 2 Placement	Late October
Completion of Tranche 2 Placement	Late October
Allotment of Tranche 2 Placement Shares	Late October

Note: The above dates are indicative only and are subject to change. The Company reserves the right to alter the above dates at any time, including the period for the SPP offer or accepting late applications, either generally or in particular cases, at its discretion and without notice to you, subject to the ASX Listing Rules, the Corporations Act and any other applicable rules. The commencement of trading and quotation of new shares under the Placement or SPP is subject to ASX confirmation.

This announcement has been approved for release by the Board of Lunnon Metals Ltd.

Edmund Ainscough
 Managing Director
 Phone: +61 8 6424 8848
 Email: info@lunnonmetals.com.au

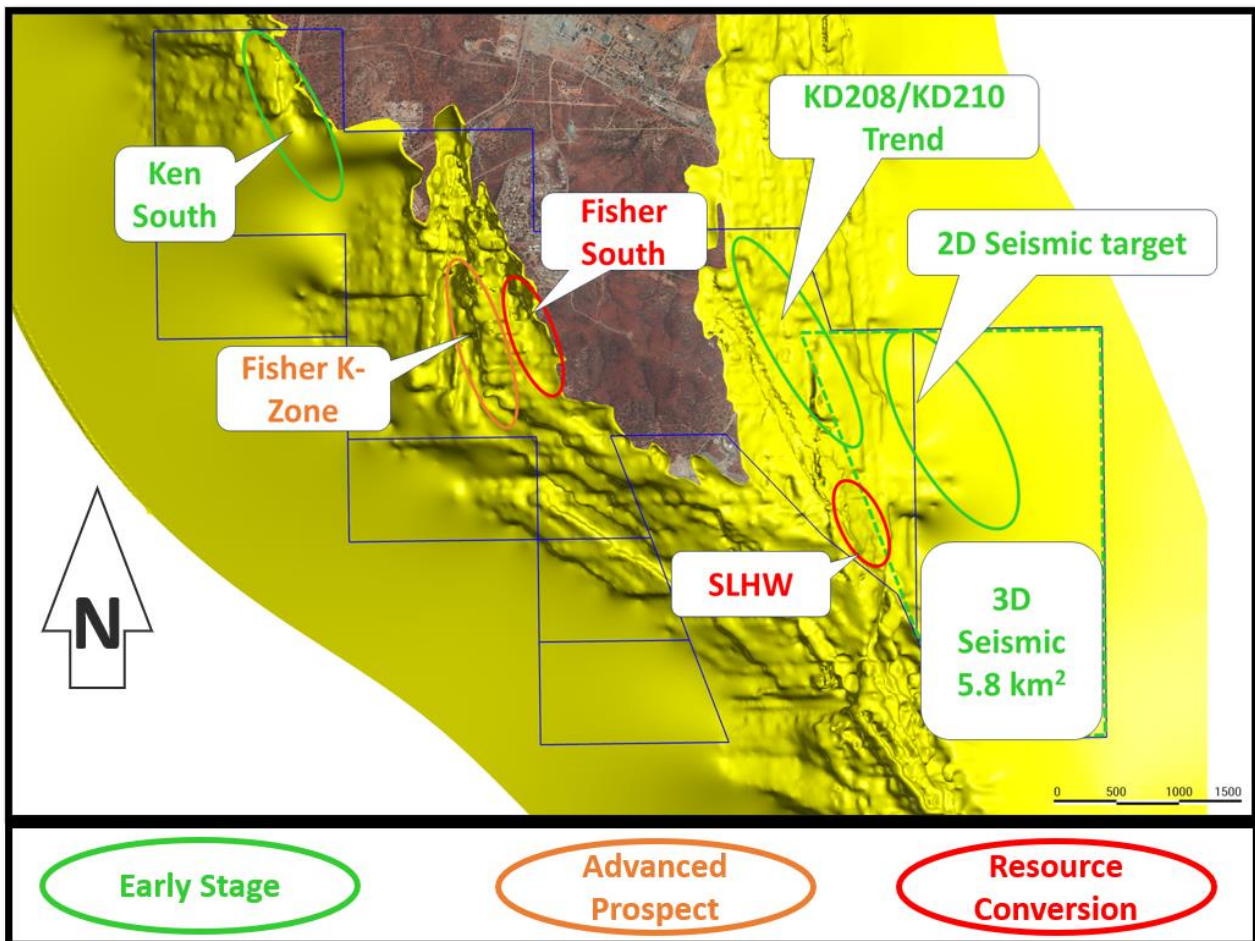


Figure 1: Diagrammatic Plan View of the Silver Lake / Fisher area with summarised exploration target program.

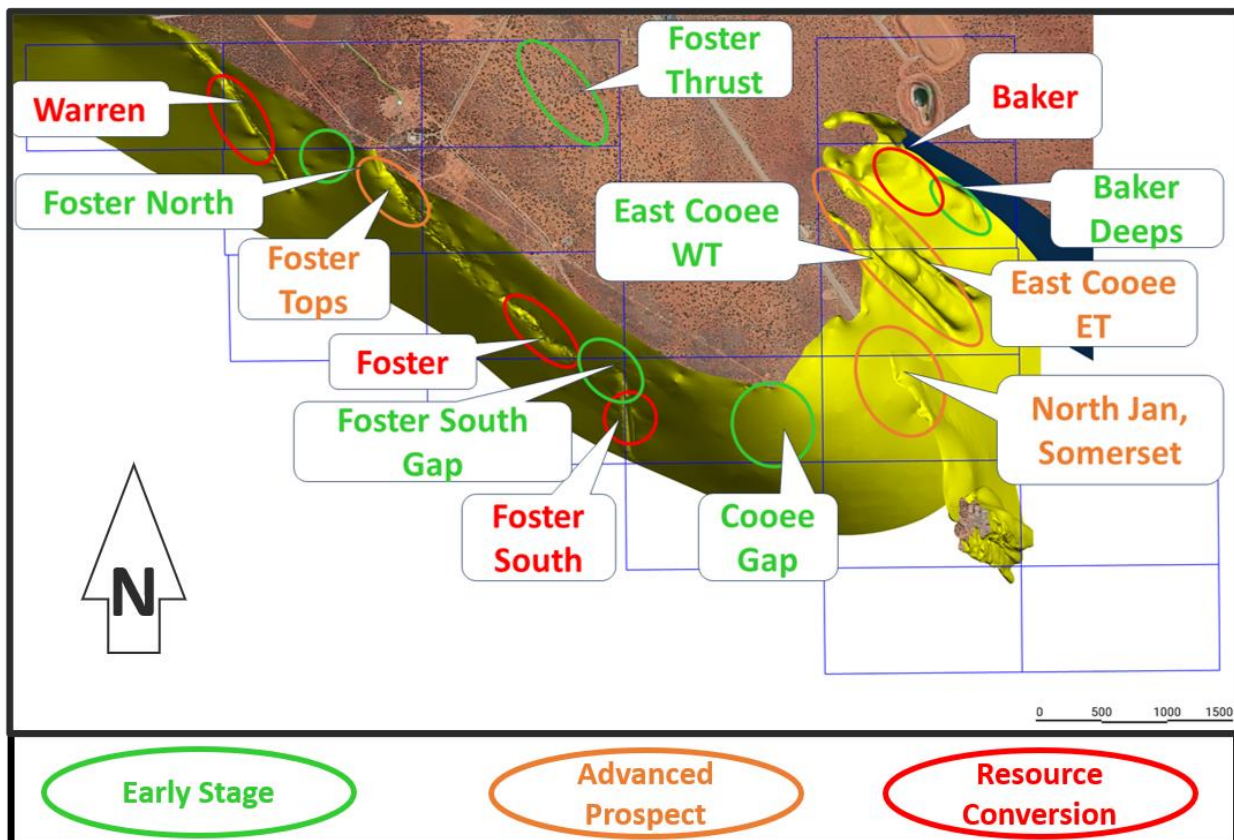


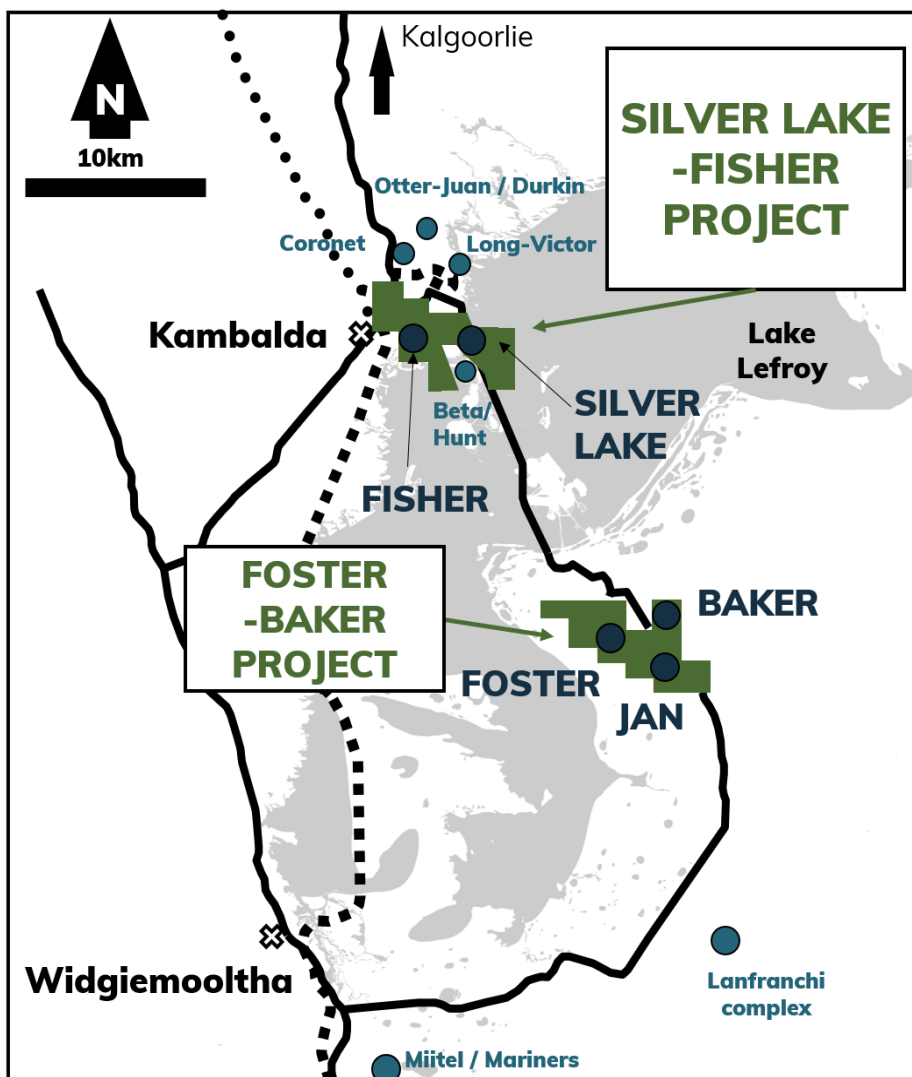
Figure 2: Diagrammatic Plan View of the Foster / Baker area with summarised exploration target program.

ABOUT THE KAMBALDA NICKEL PROJECT (KNP)

The Kambalda Nickel Project (**KNP**), shown in its regional location in **Figure 3**, features approximately 47km² of tenements situated within the Kambalda Nickel District, which extends for more than 70km south from the township of Kambalda. KNP is located approximately 570km east of Perth and 50-70km south-southeast of Kalgoorlie, in the Eastern Goldfields of Western Australia. KNP comprises two project areas, with Foster and Baker or FBA* (19 contiguous mining leases) and Silver Lake and Fisher or SLF+ (20 contiguous mining leases).

The world-renowned Kambalda Nickel District has produced in excess of 1.4 million tonnes of nickel metal since its discovery in 1966 by WMC Resources Ltd (**WMC**). In addition, close to 15Moz of gold in total has been mined with WMC accounting for 5.9Moz and over 8.3Moz produced by Gold Fields Ltd since the purchase of the operation in December 2001 from WMC, making the Kambalda/St Ives district a globally significant gold camp in its own right.

The KNP is assessed via public roads, well-established mine road infrastructure and the main St Ives causeway over Lake Lefroy. The KNP is broadly surrounded by tenements held by St Ives Gold Mining Co. Pty Ltd (**St Ives**), a wholly owned subsidiary of Gold Fields Limited (JSE:GFI) and the Company's major shareholder.



**St Ives retains rights to explore for and mine gold in the "Excluded Areas", as defined in the subsisting agreements between Lunnon Metals and St Ives, and on the remaining area of the tenements, select rights to gold in limited circumstances.*

**The Company has the exclusive rights to nickel on 19 mining leases and related access rights on one additional tenure. Gold Fields retains the rights to the other minerals (except to the extent minerals occur in conjunction with nickel mineralisation or nickel bearing ore but excluding gold).*

Figure 3: Regional Location of the Kambalda Nickel Project and other nearby nickel deposits.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

Forward looking statements disclaimer

This announcement contains certain “forward-looking statements” and comments about future matters. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, production, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements.

The forward-looking statements are based on information available to the Company as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or results or other factors affect the information contained in this announcement.