

LUNNON METALS LIMITED
ABN: 82 600 008 848

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SHARE REGISTRY

Automic Group

ASX CODE: LM8

DRILLING UPDATE - KAMBALDA NICKEL PROJECT

1st September 2021

HIGHLIGHTS

- 1st pass Reverse Circulation ("RC") drill programme nearing completion
 - Drilling indicating excellent reconciliation with interpretive models of prospective nickel contact, stratigraphy and structures
 - DHTeM crews mobilising to site in September
- Targeted diamond drilling ("DD") now commenced
- Objective of DD programme is to test prospective nickel contacts in the immediate near-mine environment as well as select conceptual targets

Lunnon Metals Limited (ASX: LM8) (the "Company" or "Lunnon Metals") is pleased to update the market on the progress of the Company's exploration programme at the Kambalda Nickel Project ("KNP") that commenced in late July 2021.

First pass nickel RC programmes at East Cooee, Warren up-plunge and Somerset/Coee Gap have now been completed with over 4,750 metres drilled to date. Drill penetration rates have significantly exceeded forecast accelerating the programme's progress. Drill hole logging is on foot and first samples have been dispatched for assaying with turnaround time expected to be 4 to 5 weeks (first shipment dispatched 5th August 2021).

Visual inspection and logging of RC drill chips as the programme progressed has shown excellent correlation with our geological model. The effectiveness of the target test and the potential for follow-up drilling will be assessed once all assay results are returned for each separate target.

As previously advised, Down Hole Transient Electro-Magnetic surveys ("DHTeM") will also be completed and analysed as an important part of this assessment process. DHTeM crews are mobilising to site to commence surveying in September.

Diamond drilling has also commenced with the first hole collared near the Foster South target. This programme will test the prospective Lunnon Basalt-Kambalda Komatiite contact in the 500m expanse between the end of the Foster Main trough and the Foster South JORC 2012 Resource (340kt @ 4.7% Ni for 16kt Ni metal). Re-interpretation of the area by Lunnon Metals, historically considered barren for basal nickel sulphides, suggests that mineralisation could exist further up-dip as a result of faulted "shuffling" of the nickel trough. DHTeM will be an important part of this conceptual drill test.

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

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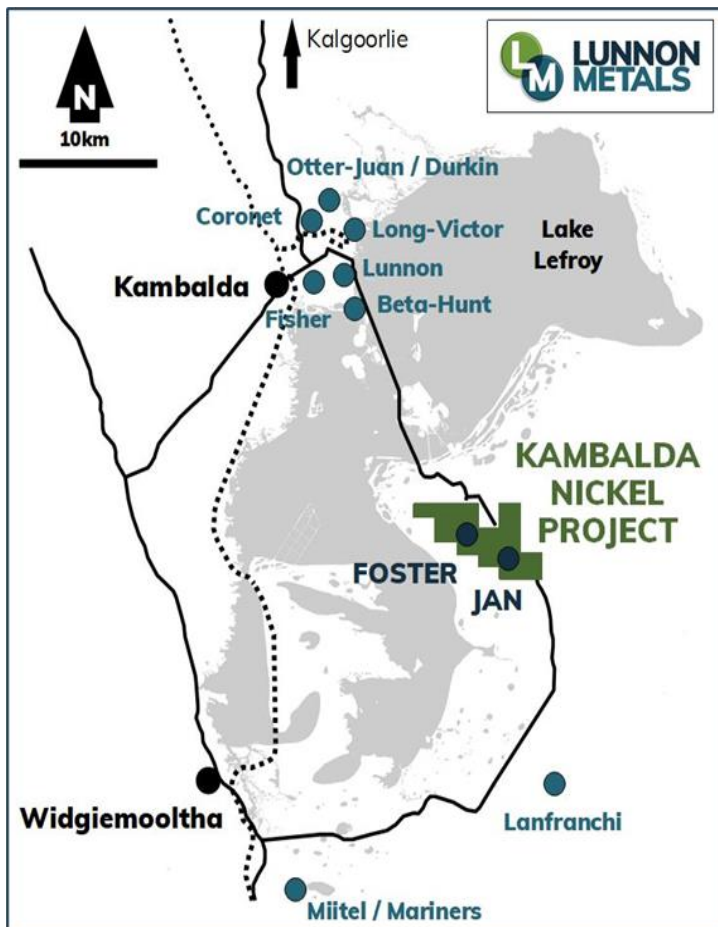


Figure 1 Regional Location of the Kambalda Nickel Project and other nearby nickel deposits

ABOUT THE KAMBALDA NICKEL PROJECT (“KNP”)

Lunnon Metals now holds 100% of the mineral rights at KNP, subject to certain rights retained by St Ives*. Full details of the Company’s IPO and the transactions involved are in the Prospectus submitted to the ASX dated 22 April 2021 and lodged with the ASX on 11 June 2021.

KNP, shown in its regional location in Figure 1, is approximately 23 km² in size comprising 19 contiguous granted mining leases situated within the Kambalda Nickel District which extends for more than 70 kilometres south from the township of Kambalda (“Tenements”).

This world-renowned nickel district has produced in excess of 1.4 million tonnes of nickel metal since its discovery in 1966 by WMC Resources Ltd (“WMC”).

*St Ives retains rights to explore for and mine gold in the “Excluded Areas” on the Tenements as defined in the subsisting agreements between Lunnon Metals and St Ives. This right extends to gold mineralisation which extends from the Excluded Area to other parts of the Tenements with select restrictions which serve to prevent interference with, or intrusion on, Lunnon Metals’ existing or planned activities and those parts of the Tenements containing the historical nickel mines. St Ives enjoys select rights to gold in the remaining areas of the Tenements in certain limited circumstances as described in detail in the Company’s Solicitor Report attached to the Prospectus submitted to the ASX dated 22 April 2021 and lodged with the ASX on 11 June 2021.

COMPETENT PERSON’S STATEMENT & COMPLIANCE

The information in this announcement that relates to geology, nickel Mineral Resources and Exploration Results, is based on, and fairly represents, information and supporting documentation prepared by Mr. Aaron Wehrle, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Wehrle is a full time employee of Lunnon Metals Ltd, a shareholder and holder of employee options; he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Wehrle consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

MINERAL RESOURCES

The detailed breakdown of the Company's Mineral Resources is as follows:

Foster Mine		Indicated			Inferred			Total		
Shoot	<u>Cut-off (Ni %)</u>	<u>Tonnes</u>	<u>% Ni</u>	<u>Ni metal</u>	<u>Tonnes</u>	<u>% Ni</u>	<u>Ni metal</u>	<u>Tonnes</u>	<u>% Ni</u>	<u>Ni metal</u>
85H	1%	387,000	3.3	12,800	300,000	1.3	3,800	687,000	2.4	16,600
Foster South	1%	223,000	4.7	10,500	116,000	4.8	5,500	340,000	4.7	16,000
Warren	1%	136,000	2.7	3,700	75,000	3.7	2,700	211,000	3.1	6,400
Total		746,000	3.6	27,000	491,000	2.4	12,000	1,238,000	3.2	39,000

DISCLAIMER

References in this announcement may have been made to certain previous ASX announcements, which in turn may have included exploration results and Mineral Resources. For full details, please refer to the said announcement on the said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and mentioned announcements, the Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement(s), and in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.