

LUNNON METALS LIMITED
ABN: 82 600 008 848

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SHARE REGISTRY
Automatic Group

ASX CODE: LM8

\$30M CAPITAL RAISE SETS UP LUNNON METALS FOR GROWTH IN 2022

14 April 2022

KEY POINTS

- Binding commitments received for \$30 million capital raising
- Single tranche placement to professional and institutional investors under the Company's available capacity pursuant to ASX Listing Rules 7.1 and 7.1A
- Funds raised will enable:
 - The definition, extension and permitting of the recent Baker discovery
 - Aggressive exploration on the adjacent East and West Trough prospects
 - Aggressive resource definition and extensional drilling at Warren
 - Dewatering to commence and the subsequent re-entry of the Foster nickel mine so that underground diamond drilling can take place
 - Associated work to complete studies into a potential re-start of operations at Foster with the potential to incorporate the Baker discovery into those plans
 - Silver Lake / Fisher exploration, subject to the Acquisition¹ completing

Lunnon Metals Limited (**ASX: LM8**) (the **Company** or **Lunnon Metals**) is pleased to provide the following significant update on the Company.

\$30M CAPITAL RAISE

The Company mandated Euroz Hartleys Limited and Argonaut Securities Pty Ltd to act as joint lead managers to raise \$30 million via a placement of fully paid ordinary shares (**Shares**) under its existing capacity. The price of the raising was \$0.93 per Share, a 10.6% discount to the spot price at the close on 11 April 2022 and an 8.0% discount to the 5-day volume weighted average price. The placement has received binding commitments for the full amount. The Shares issued under the placement will rank equally with existing shares on issue.

The issue of shares to the value of \$20 million to St Ives Gold Mining Co. Pty Ltd (**SIGMC**) in consideration for the acquisition of the nickel rights at Silver Lake and Fisher (the **Acquisition**), once all conditions have been satisfied and if approved by shareholders at an Extraordinary General Meeting, will be at the same price as the Shares issued in relation to the capital raise.

Managing Director, Ed Ainscough, commenting said:

"We are delighted with the level of support for the capital raising. A number of new institutions have joined our register, endorsing the progress that Lunnon Metals has made in just 9 months since our IPO in 2021. This additional equity, coupled with the acquisition of the nickel rights from Gold Fields to the last two historical nickel mines previously owned by WMC Resources, is a significant step forward for the company and allows us to build for success in 2022".

¹ Please refer to ASX announcement dated 12 April 2022 for details of the Acquisition

USE OF FUNDS

Funds raised will be applied to the current portfolio at Kambalda as summarised in the table below, and also to the assets/rights at Silver Lake and Fisher once the Acquisition settles.

The objective at Silver Lake and Fisher will be to aggressively explore these areas, particularly the down dip of Silver Lake, the down plunge potential south of McLeay and Moran (these assets are not hosted on the Company's acquired rights area but are interpreted to extend onto that area) and down dip and plunge of Fisher.

Cash at hand at March 2022 quarter end is estimated to be approximately \$7.2 million, being the reported 31 December 2021 position minus working capital and exploration costs in the interim. A high level break down of the allocation of funds by the Company is as follows:

Area/asset	Amount	Description/activity
Baker area	\$5.0 million	<ul style="list-style-type: none"> Expedite infill, step out down plunge, metallurgical/geotechnical and permitting activities Aggressive infill down plunge at Baker if above programme successful and on adjacent East and West Trough
Warren	\$2.5 million	<ul style="list-style-type: none"> Aggressively test down plunge on Warren channel, permit dewatering in parallel to Foster
Foster Mine	\$12.5 million	<ul style="list-style-type: none"> Fast track permits to dewater, starting with Warren and then Foster decline, to reach ~10 Level Foster (~410m below surface) Portal excavation and decline re-entry/rehabilitation to allow underground diamond drilling and access and inspection of development in the 85H JORC 2012 Mineral Resource areas (8 to 10 Level Foster) Recruit additional technical and site staff for KNP, including necessary regulatory positions for underground mine re-entry/supervision
Silver Lake / Fisher	\$10.0 million	<ul style="list-style-type: none"> Multiple 2D seismic lines along strike from McLeay, Moran, deep diamond drill holes on fence lines targeting reflectors, historical drill core programme at Silver Lake Recruit additional technical and site staff plus metallurgy/geotechnical technical work and consultancy 2D seismic lines down dip/plunge of Fisher, RC test of near surface targets, diamond drill hole fence lines on reflectors, historical drill core programme at Fisher <p>Should the Acquisition not settle:</p> <ul style="list-style-type: none"> Continue dewatering Foster mine from ~10 Level to shaft bottom (~650m below surface) Progress decline rehabilitation to shaft bottom Subject to remaining funds, commence re-equipment of mine with respect to vent, power, pumping and emergency egress/refuge etc
Balance of IPO programme	\$4.4 million	<ul style="list-style-type: none"> Jan Deeps, Kenilworth (EIS Grant), Somerset, gold prospects Historical core programme at Foster then Jan Shaft
Broker fees	\$1.5 million	<ul style="list-style-type: none"> Fee on \$30m capital raising
Transaction costs	\$1.3 million	<ul style="list-style-type: none"> Stamp duty on acquisition (estimated) / legal costs from current cash at hand
Total	\$37.2 million	

Based on cash at hand prior to this announcement (approximately \$7.2 million) the capital raising will result in an available cash position of approximately \$34.4 million².

If the Acquisition does not settle, then the funds allocated to Silver Lake and Fisher above will be redeployed to complete, subject to final cost estimates at that time, the dewatering and rehabilitation of the Foster underground mine workings to the bottom of the Foster Shaft at 15 Level (approximately 650m below surface).

The above programme of activities will position Lunnon Metals to manage its transition from a junior explorer to a potential developer of nickel assets in the quickest possible timeframe, in the heart of the Kambalda Nickel District.

NEXT STEPS

All necessary regulatory and compliance steps will be progressed expeditiously with regular updates provided to the market as key milestones are achieved.

Shares will resume trading on the ASX from market open today, Thursday 14 April 2022. The 32,258,064 new shares are expected to settle on Friday, 22 April 2022 and be issued and commence trading on the ASX on a normal basis on Tuesday, 26 April 2022.

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

Edmund Ainscough
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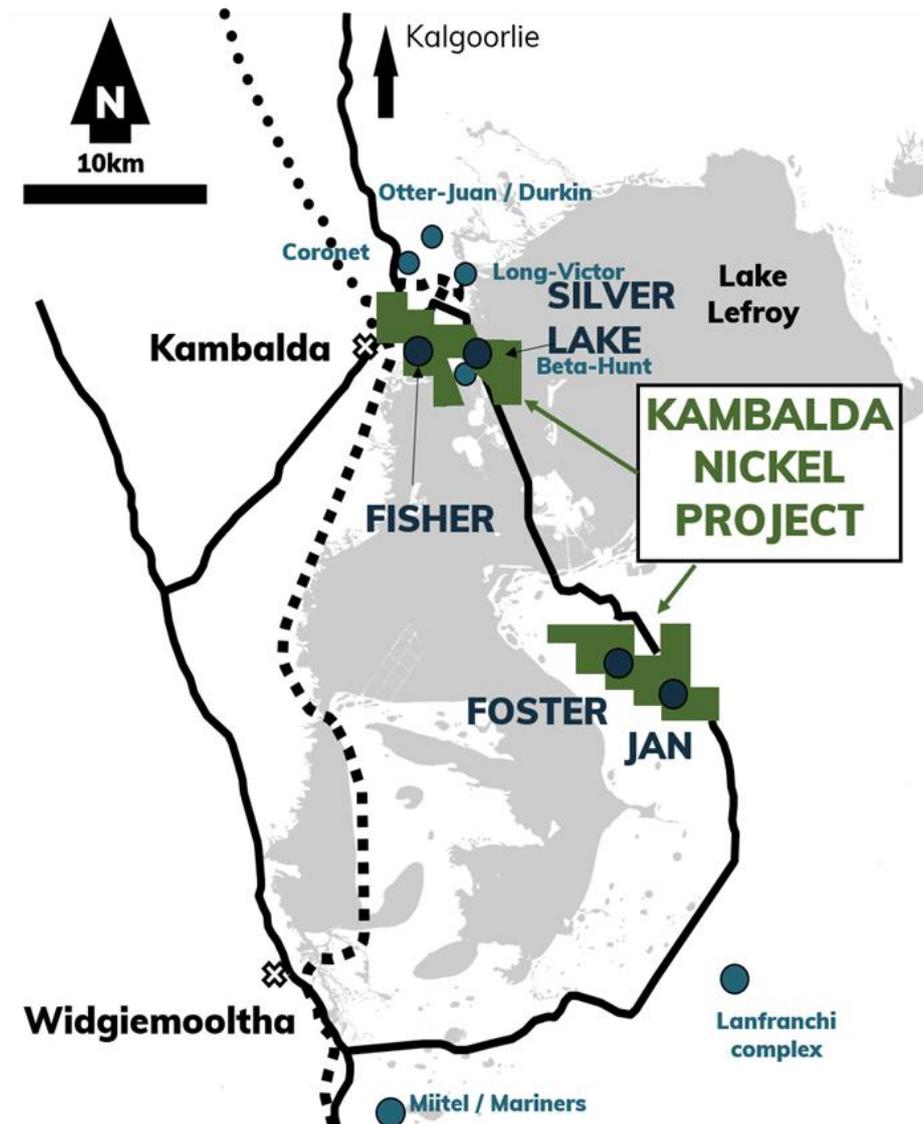
² Net of broker and legal fees and allowing for duty payable in connection with the Acquisition.

ABOUT THE KAMBALDA NICKEL PROJECT (“KNP”)

Lunnon Metals currently holds 100% of the mineral rights at the Foster and Jan elements of the 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, inclusive of the Acquisition of rights detailed in the announcement dated 12 April 2022, is approximately 47km² in size comprising two parcels of 19 (Foster and Jan) and 20 (Silver Lake and Fisher) 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”). 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.



**St Ives retains rights to explore for and mine gold in the “Excluded Areas” on the Tenements at the Foster and Jan elements of the expanded KNP, 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 has 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.*

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

COMPETENT PERSON'S STATEMENT & COMPLIANCE

Any 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.